

# *Annual Report*

*2010/2011*

*Knysna  
Municipality*

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## INTRODUCTION BY THE EXECUTIVE MAYOR

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It gives me great pleasure to present the Annual Report for 2010/2011. This year saw the inauguration of a new Town Council, along with my election to the office of Executive Mayor. This brought about its own challenges, yet everyone has settled into their new positions and are already hard at work. Although the current Council performed just short of two months' worth of service after the election and before the end of the financial year, I am pleased at the results shown in this report. I look forward to ensuring even better results in the new financial year, through an innovative approach to governance and commitment to service delivery.

Through the Mayoral Bursary fund, the Municipality has addressed the challenge of a scarcity of skills by once again offering bursaries to local students. In 2010 the first graduate was appointed as a town planner at our Municipality. This initiative, with an unsurpassed success rates, is one that we cannot afford to put on the back burner.

Knysna Municipality has received yet another unqualified audit report for 2009/2010, making it the 4<sup>th</sup> consecutive unqualified audit that we have received. We are well on track to our commitment towards Clean Audit 2014.

Phase 1 of the Nedbank Small Businesses Incubator project was completed during this time period and the second phase has commenced. Through this programme, with the kind assistance of Nedbank, we have been able to assist local entrepreneurs who applied by submitting business proposals to the Municipality. These entrepreneurs were interviewed by a panel consisting of representatives from Nedbank, Red Door and the Municipality. This programme aims at entrepreneurial skills development by providing the necessary training and assistance and providing start up materials for their various businesses.

In this time period, 335 houses have been built and supplied with running water, water-borne sanitation and electricity. Although housing is still a key issue in our Municipality, we are breaking ground at an astounding rate through the employment of local emerging contractors.

This year saw the successful migration to a new computerized library system for all libraries in the greater Knysna municipal area. Not only does this upgrade mean that we are now on par with larger municipalities, it will ensure that some of the most valuable resources for educational purposes are able to be tracked correctly. I encourage all residents of Knysna and Sedgefield to make use of our well-kept libraries.

I wish to thank the previous Council for the role they had to play in the achievements of 2010/2011. Furthermore, thank you to my political colleagues, the Acting Municipal Manager Lauren Waring and the various Directors for ensuring synergy between the Council and Administration. I now look forward to see this Council out-do itself during 2011/2012.

Councillor Georlene Wolmarans

Executive Mayor

## OVERVIEW BY THE ACTING MUNICIPAL MANAGER

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With the guidance of Council and the leadership of the previous Municipal Manager, the Administration performed to the best of its abilities and I am proud to have been afforded the responsibility of building upon this secure foundation until a Municipal Manager has been appointed.

During the 2010/2011 financial year this Municipality reached many of its goals and received many laurels. We are also proud to have been independently ranked as the third best performing Local Authority by Municipal IQ, a web-based independent Local Government monitoring and assessment service.

We have reached another milestone in our efforts to electrify the entirety of the greater Knysna municipal area with the new 20MVA transformer intake substation installed in Knysna, which has increased our capacity.

Aside from having a fully functioning Audit Committee, we have achieved full GRAP compliance. In terms of the Public Finance Management Act, 1999, the Standards of Generally Recognised Accounting Practice (GRAP) are determined by the Accounting Standards Board. Generally Accepted Municipal Accounting Practices (GAMAP) and GRAP are accounting practices that municipalities are required to adhere to by law – we have achieved compliance to both of these legal requirements.

Following the retirement of Mr Neale Perring from the office of Director: Technical Services, Mr Emanuel Myalato was appointed to this office and commenced service on 1 April 2011. Our Departments: Local Economic Development, as well as Integrated Development Planning have been combined, which has contributed to greater synergy between these departments, improved internal management ability and commitment and 100% spend on capital expenditure.

The reverse osmosis water augmentation plant on George Rex Drive was handed over to the Municipality for a twelve month maintenance period on 16 July 2010. This RO plant, along with the additional bore holes and the seawater desalination plant in Sedgefield, provides the greater Knysna municipal area with potable water during times of extreme drought. We thank our residents for adhering to our requests of conserving this invaluable, yet severely limited life source. It is this responsible commitment to water restrictions and other limitations which has led to the significant support we received from both Provincial and National Treasury in our efforts to carry our residents through the most severe drought experienced in local recorded history.

We have not only started with the first phase of upgrading the wastewater treatment works; we have also refurbished three sewer pump stations and commissioned one pump station in Dam-se-bos.

The historical problem of pollution in our estuary is being addressed with plans to locate the source, or sources, of pollution from the largely unsewered high-lying areas surrounding our town and dealing with these problems accordingly. While this is a problem which has been compounded over decades, we know that it is our responsibility to take charge and find a long term solution to this historic problem.

Lauren Waring

Acting Municipal Manager

Director: Planning and Development

# CHAPTER 1

## Introduction and Municipal Overview

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## CHAPTER 1: INTRODUCTION AND MUNICIPAL OVERVIEW

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### 1.1 MUNICIPAL OVERVIEW

---

This report addresses the performance of the Knysna Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the municipality provides regular and predictable reporting on programme performance and the general state of affairs in their locality.

The 2010/11 Annual Report reflects on the performance of the Knysna Municipality for the period 1 July 2010 to 30 June 2011. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), in terms of which the Municipality must prepare an Annual Report for each financial year.

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#### 1.1.1 VISION AND MISSION

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**The Knysna Municipality committed itself to the vision and mission of:**

*Vision:*

***“Knysna, the Town That Works For All!”***

*Mission:*

***“To provide affordable quality services, alleviate poverty, and facilitate social and economic development of the Greater Knysna municipal area through integrated development planning, cooperative governance, skills development and the sustainable use of resources.”***

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#### 1.1.2 DEMOGRAPHIC INFORMATION

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##### A) MUNICIPAL GEOGRAPHICAL INFORMATION

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##### **Geography & Climate**

- GPS position: -34,029999 Latitude / 23,059999 Longitude

- Time Zone : GMT + 2 hours

The Knysna municipal area covers a total surface 1 059 km<sup>2</sup>. It stretches from the Swartvlei in Sedgefield in the West to Harkerville in the East. The municipal area is bordered by the Outeniqua Mountains in the North and the Indian Ocean in the South. Knysna town is situated along the northern shores of the Knysna Lagoon.

The area enjoys a mild climate with an average annual rainfall of 750 mm and temperatures ranging from 8°C in winter, to 28°C in summer, making it both a favourite holiday and retirement destination. The natural beauty of the surroundings has enticed artists of all discipline, earning it the reputation of artistic capital of the Garden Route.

The region's flora includes Afro-montane, or temperate rainforest, which covers the hilly terrain. An abundance of unique Cape Fynbos ('fine or delicate bush') grows throughout the region.

Knysna Municipality is situated in the Southern Cape which is a renowned tourist destination in the Republic of South Africa. It is on the Garden Route, about 500 km's East from Cape Town on the N2 between George and Plettenberg Bay. The Municipal area of Knysna includes the surrounding areas of Sedgefield, Brenton, Belvedere, Rheenendal, Karatara, Knoetzie and Buffels Bay. Although branch offices exist in these areas, the main Municipal activities take place in Knysna.

## Wards

Pre 18 May 2011 the Municipality was made up by the following 8 Wards:

Ward	Areas
1	Sedgefield, Smutsville and Sizamile
2	Karatara, Rheenendal, Buffels Bay, Bibbie'sHoek, Agricultural areas
3	Town Hall, Lower & Upper Old Place, Town East of Long Street, Khayaletu North & South, Edameni; Knoetzie Brackenhill
4	White Location, Flenters, Rhobololo, Qolweni, Ethembeni
5	Brenton, Belvedere, Knysna Town, Leisure Isle, Paradise, Sparrebosch, Knysna Heads, Rexford, Hunter's Home;
6	Hornlee, Sunridge, Hornlee Extension
7	Dam-se-Bos, Nekkies, Oupad, Hlalani, Hornlee (Fortuin Street & Donkerhoek)
8	Vermont, Fraaisig, Thesen Isle, Jood-se-Kamp, Concordia, Bongani

*Chapter 1 - Table1: Municipal Wards as at 17 May*

The Municipality is currently structured into the following 10 Wards:

Ward	Areas
1	Sizemile-Smutsville; Rondevlei; Myoli Beach; Cola Beach; The Island; Hoogekraal; Rondevlei; Farleigh Forest

Ward	Areas
2	Sedgefield Town; Karatara
3	Bracken Hill; Buffelsnek; Dam se Bos; Portion of Nekkie West; Nekkie; Sanlam; Oupad; Knoetzie
4	Flenters; Wit Lokasie; Bloemfontein; Greenfields; Qolweni; Upper Old Place
5	Rheenendal; Belvidere; Brenton-on-Sea; Eastford; Old Phantom Pass; Lake Brenton; Buffels Bay; BibbysHoek; surrounding farm areas
6	Wing Street; Charlie Levack Street; Chapel Street; Fontein Street; Geelbekkloof Street; Davidson Street; Calender Street And Botha Street; Hlalani
7	Rhobololo; Bongani; Dam se Bos; Portion of Flenters; Portion of Khayaletu-Ngalo Street; Chungwa and Edameni; Khayaletu Valley; Emsobomvu including Ngalo Street
8	Fraaisig; Ethembeni; Joodsekamp; Concordia and Kanonkop; Rykmaanshoogte
9	Sunridge (Swarthout Street; Alexander Street; Katrina Street and Heatherdale); Leisure Isle; Thesen Island; The Heads; Sparrebosch/Pezula; Hunters Home, and
10	Town Central; Knysna Heights; Paradise; High Street; Graham Street; Thesen Hill; Unity Street; Lower Old Place; Bokmakerrie Street; Heron Street

Chapter 1 - Table2: Municipal Wards

Below is a map of the indicating the Knysna municipal area:

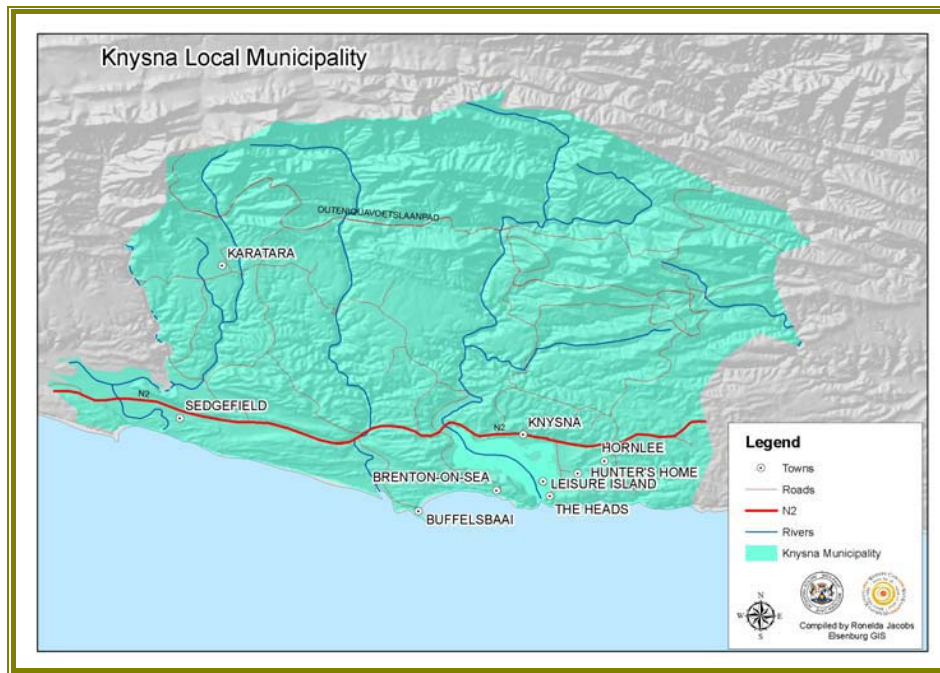


Figure 1: Knysna Municipal Area map

## Towns

- Brenton
- Buffelsbaai
- Knysna

- Knoetzie
- Rheenendal
- Sedgefield



## B) POPULATION

The municipality is estimated to account for 12.7% or 65,043 of the Eden District's population of 513,306 in 2007.

### a) Total Population

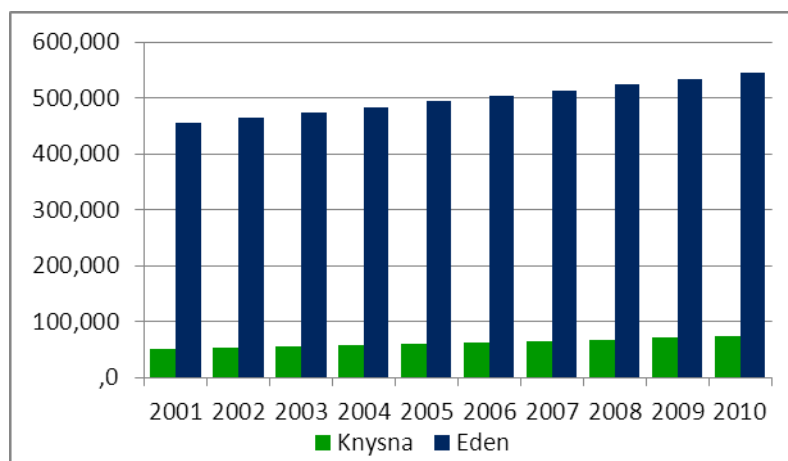
The table below indicates the total population within the municipal area:

2001	2007	2010 (Estimated)
51,466	65,043	74,169

*Chapter 1 - Table3: Demographic information of the municipal area – Total population*

The population growth for the 2007 to 2010 period is estimated at 12.3% and the population growth is estimated at 4.14% per year from 2001 to 2010.

The graph below illustrates the yearly estimated population growth for the municipal area.



*Chapter 1 - Graph 1: Total Population Growth*

The population of Knysna Municipality was 65 043 people in 2007. The population is diversified across race groups and culture and are characterised by varying levels of socio-economic status and education. Knysna's economy grew positively over the 2001 to 2007 period, which has supported labour absorption initiatives in the municipal area. The municipality has done well in respect of improving access to basic services and implements sound governance and administration practices.

Knysna has the 4th largest population in Eden District with a population size of 65 043 people in 2007 compared to 51 468 people in 2001. The population grew on average by 3.9 % between 2001 and 2007. Males accounted for 50.6 % of the total Knysna population in 2007 while females accounted for 49.4 %.

The gender ratio in 2001 was 97 males per 100 females, while in 2007 it increased to 102 males per 100 females. The male population increased from 25 357 people in 2001 to 32 888 people in 2007, at an average annual growth rate of 4.4 %. The female population increased from 26 111 people in 2001 to 32 155 people in 2007, which represents an average annual growth rate of 3.5 %.

Children accounted for 25.6 % (16 646) of Knysna's population in 2007. The child dependency ratio for 2007 was 37.3 %, which is a slight improvement from the 2001 ratio of 39.4 %. The youth represented 37.3 % of the population in 2007 and together with children represent 62.9 % of Knysna's population; hence Knysna has a relatively youthful population.

The working age population (15-64 years) accounted for 68.6 % of Knysna's population in 2007, growing at an average annual rate of 4.5 % over the period 2001 to 2007. Persons aged 65 years and older accounted for 5.9 % of the total population in 2007, down from 7.2 % in 2001. The aged dependency ratio also declined over the period from 10.9 % in 2001 to 8.5 % in 2007.

The overall dependency ratio improved from 50.3 % in 2001 to 45.9 % in 2007. The improved dependency ratio can be attributed to growth within the working age population being greater than growth within the children and elderly populations over the 2001 to 2007 period.

### c) POPULATION RATIO

The Coloured racial group was the largest population group in Knysna in both 2001 and 2007, growing at an average annual rate of 4.1 % between 2001 and 2007. The Black racial group was the second largest population group in 2007, growing at average annual rate of 5.6 % between 2001 and 2007. The White racial group maintained its ranking of the third largest population group in 2007. Representation by the Indian/Asian population in Knysna Municipality grew at an average annual rate of 17.0 % between 2001 and 2007, representing less than 1.0 % of the total population in 2007.

### 1.1.3 MUNICIPAL CHALLENGES

The following general challenges are experienced by the municipality:

Challenges	Actions to address
Ward Committees functionality	Establishment of new Ward Committees in 2011/12
Land acquisition	Identify state land, Rural development to submit area base plans to Knysna Municipality
Housing	Require adequate funding for upgrading of existing and new bulk services. Assistance is required from National.
Electricity Bulk Infrastructure	Department of Minerals and Energy assist Municipality to acquire and install ring supply in order to reduce overloads of lines.
Water Augmentation	DWAF, DEADP, DEA, Province: Funding source for the expansion Water storage capacity, including technical assistance if required.

Challenges	Actions to address
Road Maintenance	Department of Public Works Transport assist with funding for, upgrade, rehabilitation, reseal and regravell of roads with economic and social development potential.
Sustainable Infrastructure Investment	The continued growth of the town has put a lot of pressure on infrastructure. That growth—which cannot simply be stopped—will continue at a rate which the Municipality struggles to match financially.
On-going Local Economic Downturn	In the municipality the established areas take up 94% of debits raised as against 6% in the previously disadvantaged areas. In an economic downturn the effect of high tariffs and rates on the middle and low-income groups is dramatic. This is clearly reflected in the number of new arrangements made by debtors from these groupings. Knysna is a domestic based municipality with limited non-domestic resources. The non-domestic sector, of which 50% is tourist related, contributes 25% of total rates and tariff revenue which is simply not enough to be sustainable with all the demands currently being placed on our expenditure.
Focused development of the previously disadvantaged	The poorest communities in our areas are subjected to the worst living conditions and the Municipality has committed itself towards poverty alleviation. Programmes with clear funding intentions are being designed for that purpose. The Neighbourhood Revitalisation Programme is the desired response to this problem.
Integrated Human Settlement	The provision of housing settlements with a strong emphasis on sustainability is an important issue for Knysna Municipality. Within the context of a composite set of development needs of the previously disadvantaged, the Municipality will address the need for housing, as far as it financially can. Although some of the obstacles regarding successful housing provision are not necessarily within the control of the municipality i.e. access to land, the challenge still remains for Council to devise creative strategies to deal with this matter. In line with that the Council has engaged with the other spheres of government i.e. DWAF & Department of Public Works. The Integrated Human Settlement strategy will pave the way for future housing provision in the Knysna area provided the strategy remains affordable to the Knysna tax and tariff paying community.
The challenge of promoting Local Economic Development	The need for the diversification of the local economy through facilitating the emergence of previously underperforming sectors is an important catalyst for economic development. Our Local Economic Development strategy focuses on mainstreaming the previously disadvantaged people. Crucial to this is the need to work in partnership with relevant stakeholders in boosting employment and fostering SMMEs.
The challenge of ensuring municipal financial viability	A municipality lives and dies by its ability to balance needs with resources. Knysna Municipality cannot generate sufficient resources to properly satisfy all its needs. Therefore those needs will have to be managed and dealt with in a financially sustainable manner. Promises of quick and easy solutions are simply lies.
The challenge of municipal transformation and institutional development	Staff development is crucial to meet the challenges of Knysna and the new ethos of local government. The Employment Equity imperatives have to be assessed continually to ensure that Knysna Municipality's transformation remains in line with the broader transformation agenda of South Africa. Included in this must be an accelerated emphasis on growing and developing our own timber. Knysna does not have the luxury of competing in terms of salary and therefore our ability to attract qualified and quality staff is severely limited. We must therefore develop from within.
Public Participation	Public Participation is an important feature of any democratic environment. Although the legislative environment provides adequately for public participation, Knysna Municipality is challenged to ensure that it continues to build on its successes over the last few years.

Chapter 1 - Table4: Municipal Challenges

## CHAPTER 2

## GOVERNANCE

## CHAPTER 2: GOVERNANCE

### 2.1 NATIONAL KEY PERFORMANCE INDICATORS - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations 796 of 2001 and section 43 of the MSA. This key performance indicator is linked to the National Key Performance Area - Good Governance and Public Participation.

KPA & Indicators	Municipal Achievement	Municipal Achievement	Municipal Achievement
	2008/09	2009/10	2010/11
The percentage of a municipality's <b>capital budget</b> actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan	88%	90%	<b>92%</b>

*Chapter 2 - Table 1: National KPIs - Good Governance and Public Participation Performance*

### 2.2 GOVERNANCE STRUCTURE

#### 2.2.1 POLITICAL GOVERNANCE STRUCTURE

The council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated its executive function to the Executive Mayor and the Mayoral Committee. Their role is to debate issues publicly and to facilitate political debate and discussion. The council plays a very active role in the operations of the Municipality. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

The Council of the Knysna Municipality comprises of 19 elected Councillors, made up from 10 Ward Councillors and 9 Proportional Representation (PR) Councillors. The portfolio committees are made up of Councillors drawn from all political parties.

## A) COUNCIL

Below is a table that categorised the councillors within their specific political parties and wards before 18 May:

Name of councillor	Capacity	Political Party	Ward representing or proportional
Eleanore Bouw-Spies	Executive Mayor	ANC	Proportional Representative
Donald Kemoetie	Executive Deputy Mayor/ Executive Councillor: Finance & Corporate Services	ANC	Ward 6
Andrew Finn	Executive Councillor: Technical Services Planning & Development Human Settlements	ANC	Proportional Representative
Nompumelelo Koti	Executive Councillor: Community Services Strategic Services	ANC	Ward 7
Victor Molosi	Speaker	ANC	Ward 8
Theodoris Naylor	Ward Councillor	DA	Ward 1
Lawrence Jule	Ward Councillor	ANC	Ward 2
Amy Matungana	Ward Councillor	ANC	Ward 3
Sonwabo Loliwe	Ward Councillor	ANC	Ward 4
James Botha	Ward Councillor	DA	Ward 5
Richard Dawson	Proportional Councillor	DA	Proportional Representative
Winile Joyi	Proportional Councillor	NPP	Proportional Representative
Nofinish Gungubele	Proportional Councillor	ANC	Proportional Representative
Rev. Henry McCombi	Proportional Councillor	DA	Proportional Representative
Edna October	Proportional Councillor	DA	Proportional Representative
Georlene Wolmarans	Proportional Councillor	DA	Proportional Representative

*Chapter 2 - Table2: Council until 18 May 2011*

Below is a table that categorised the councillors within their specific political parties and wards after 18 May:

Name of councillor	Capacity	Political Party	Ward representing or proportional
Georlene Wolmarans	Executive Mayor	DA	Proportional Representative
Michelle Wasserman	Executive Deputy Mayor/ Executive Councillor: Finance, Economic Development and Governance Committee	DA	Ward 9
Esme Edge	Executive Councillor: Infrastructure Development Committee	DA	Proportional Representative
Magdalena Williams	Executive Councillor: Community Services Committee	DA	Ward 5
Louisa Hart	Executive Councillor: Planning and Development Committee	DA	Ward 2
Richard Dawson	Speaker	DA	Ward 10
Irene Grootboom	Ward Councillor	DA	Ward 1
Migiel Lizwani	Ward Councillor	ANC	Ward 3

Name of councillor	Capacity	Political Party	Ward representing or proportional
Wiseman Litoli	Ward Councillor	ANC	Ward 4
Clive Witbooi	Ward Councillor	ANC	Ward 6
Mertle Gombo	Ward Councillor	ANC	Ward 7
Ntombizanele Sopeki	Ward Councillor	Independent	Ward 8
Beauty Hololoshe	Proportional Councillor	DA	Proportional Representative
Doris Naylor	Proportional Councillor	DA	Proportional Representative
Elrick van Aswegen	Proportional Councillor	COPE	Proportional Representative
Lungelwa Charlie	Proportional Councillor	DA	Proportional Representative
MthobeliDyantyi	Proportional Councillor	ANC	Proportional Representative
PhumlaNkam	Proportional Councillor	ANC	Proportional Representative
VelileWaxa	Proportional Councillor	ANC	Proportional Representative

Chapter 2 - Table3: Council after 18 May 2011

Below is a table which indicates the Council meetings attendance for the 2010/11 financial year:

Meeting dates	Number of minutes submitted	Percentage Council Meetings Attendance
29 July 2010	1	88% (14/16)
30 September 2010	1	88% (14/16)
8 October 2010 (Special)	1	75% (12/16)
7 December 2010	1	94% (15/16)
17 December 2010 (Special)	1	63% (10/16)
25 January 2011	1	94% (15/16)
25 February 2011 (Special)	1	69% (11/16)
17 March 2011	1	81% (13/16)
20 April 2011	1	88% (14/16)
31 May 2011 (Special)	1	100% (19/19)
15 June 2011 (Special)	1	89% (17/19)

Chapter 2 - Table4: Council meetings

## B) EXECUTIVE MAYORAL COMMITTEE

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 1 July to 18 May:

Name of member	Capacity
Eleanore Bouw-Spies	Executive Mayor
Donald Kemoetie	Deputy Mayor (Chairperson: Finance, Economic Development and Governance Committee)
Andrew Finn	Member (Chairperson: Infrastructure Development & Integrated Human Settlements Committee)
Nompumelelo Koti	Member (Chairperson: Community Services Committee)

Chapter 2 - Table5: Executive Mayoral Committee until 18 May 2011

The name and portfolio of each Member of the Mayoral Committee is listed in the table below for the period 31 May to 30 June 2011:

Name of member	Capacity
Georlene Wolmarans	Executive Mayor
Michelle Wasserman	Executive Deputy Mayor (Chairperson Finance & Governance Committee)
Esme Edge	Member (Chairperson Infrastructure Development Committee)
Magdalena Williams	Member (Chairperson Community Services Committee)
Louisa Hart	Member (Chairperson Planning and Development Committee)

*Chapter 2 - Table6: Executive Mayoral Committee 31 May 2011*

### c) PORTFOLIO COMMITTEES

The portfolio committees' primary responsibility is to exercise oversight over the executive arm of the municipality's governance structure. These committees monitor the delivery and outputs of the executive and may request Directorates to account for the outputs of their functions. Executive Councillors account for executive decisions and operations performed in general policy framework agreed to by Council and although the portfolio committees play an oversight role, they have limited decision-making powers. These committees are responsible for submitting their reports to the Mayoral Committee. The portfolio committees for the current Mayoral Term and its Chairpersons are as follows:

The portfolio committees for the 2006/11 Mayoral term and their Chairpersons were as follow:

Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to council	Meeting Date
Mayco	Bouw-Spies, Eleanore	Section 80	9	22 July 2010 19 August 2010 23 September 2010 21 October 2010 23 November 2010 18 January 2011 17 February 2011 10 March 2011 14 April 2011
Community Services Committee	Koti, Nompumelelo	Section 80	7	3 August 2010 10 September 2010 7 October 2010 9 November 2010 10 February 2011 1 March 2011 5 April 2011
Infrastructure Development Committee	Finn, Andrew	Section 80	7	4 August 2010 8 September 2010 6 October 2010 3 November 2010 9 February 2011 2 March 2011 6 April 2011
Finance and Governance Committee	Kemoetie, Donald	Section 80	7	3 August 2010 9 September 2010 5 October 2010



Committee	Chairperson	Section 79 or 80 Committee	Number of minutes submitted to council	Meeting Date
				2 November 2010 8 February 2011 11 March 2011 5 April 2011

*Chapter 2 - Table7: Portfolio Committees*

## 2.2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The Administration arm of Knysna Municipality is headed by the Municipal Manager, who has 5 Section 57 Directors who report directly to him. The Electro-technical Engineer and the Manager Performance, Internal Audit, Risk Management also reports directly to the Municipal Manager.

The structure is outlined in the table below:

Name of Official	Directorate	Period	Performance agreement signed
			Yes/No
Johnny Douglas	Municipal Manager	1 January 2007 - 12 August 2011	Yes
Grant Easton	Director Financial Services (CFO)	1 February 2003 - Currently	Yes
Reginald Smit	Director Corporate Services	1 January 2008 - Currently	Yes
Lauren Waring	Director Planning and Development	1 July 2006 - Currently	Yes
Charl Botha	Director Community Services	1 November 2008 - Currently	Yes
Neale Perring	Director Technical Services	1 May 2006 - 31 January 2011	Yes
Emmanuel Myalato	Director Technical Services	1 April 2011 - Currently	Yes
Thomas Paremoer	Acting Director Strategic Services	1 July 2010 - 12 December 2010	N/A
Len Richardson	Electro-Technical Engineer	1 May 1983 - Currently	N/A
Walter McCartney	Manager Performance, Internal Audit and Risk Management	15 August 1988 - Currently	N/A

*Chapter 2 - Table8: Administrative Governance Structure*

## 2.3 PUBLIC ACCOUNTABILITY

Knysna Municipalities accepts its responsibility to be answerable for its fiscal and social responsibilities, to all stake holders. The following mechanisms are utilised to ensure regular communication of matters which affect the municipality as well as all relevant stake holders.

### 2.3.1 WARD COMMITTEES

<sup>1</sup>The Local Government: Municipal Structures Act, 1998, establishes the rules for ward committees. Section 72(3) provides us with some guidance of what the role of ward committees is:

"The object of a ward committee is to enhance participatory democracy in local government".

### 2.3.2 FUNCTIONALITY OF WARD COMMITTEE

Ward Committees have proven to be tremendously difficult to establish and maintain. As can be seen from the table below Knysna Municipality has not had satisfactory results during the past few years there are various reasons for this as stated below.

- Weak sectors
- High rate of absenteeism
- Lack of interest
- Political in-fights

The table below provides information on the establishment of Ward Committees and their functionality:

Ward Number	Committee established Yes / No	Committee functioning effectively Yes / No	Actions to address
1	Yes	Yes	New ward committees will be established by September 2011
2	Yes	Yes	
3	Yes	Yes	
4	No	No	
5	Yes	Yes	
6	Yes	Dissolved	
7	No	No	
8	No	No	

*Chapter 2 - Table9: Functioning of Ward Committees*

<sup>1</sup> Ward Committees (DPLG) ISBN: 0-621-35467-8

### 2.3.3 REPRESENTATIVE FORUMS

#### A) IDP FORUM

Name of representative	Capacity	Meeting dates
J Pheiffer	Dept of Land Affairs	22 September 2010 18 November 2010
P Africa	Dept of Correctional Service	
H Nehemia	Dept of Correctional Service	
M Skosana	Dept of Social Development	
S Kobese	Dept of Water Affairs and Forestry	
D Wewers	SASSA	
P McDaid	WESSA	
N Michaels	Community SAPS	
M Bezuidenhout	Child Welfare (Knysna)	
M Blaauw	Ward Committee (Ward 1)	
Trevor Holmes	Ward Committee (Ward 5)	
G Lewis	Member	
A Schurtz	Knysna Resident	
T Twiddle	Publication- Freelance	
L. Hart	Sedgefield Ratepayers Association	

Chapter 2 - Table10: IDP Forum

## 2.4 CORPORATE GOVERNANCE

Municipalities are tasked with simultaneously reaching economic and social objectives, as well as increasing the efficiency and effectiveness of their operations. Corporate governance is not solely about management but needs to address the ever changing nature and role of municipalities and how to best face such changes.

### 2.4.1 ANTI-CORRUPTION AND ANTI-FRAUD

The approved Anti-Fraud and Corruption Strategy document makes the following statement *"its diverse range and nature of services and activities put the municipality at risk of fraud and corruption, from both internal and external sources."* To address this statement the policy will have to be elevated off paper and be put into practice. It would be naive to assume that once a policy is in place the issues have been addressed.

To give effect to the statement above Council approved the creation of an Anti-corruption Committee in line with CoGTA guidelines.

## A) DEVELOPED STRATEGIES

Name of strategy	Developed Yes/No	Date Adopted
Anti-corruption strategy	Yes	11 December 2008
Fraud prevention strategy	Yes	11 December 2008

*Chapter 2 - Table11: Strategies*

## 2.4.2 AUDIT COMMITTEE

The Knysna Audit Committee, appointed in terms of Section 166 of the MFMA, has also been appointed as the Performance Audit Committee

## A) FUNCTIONS OF THE AUDIT COMMITTEE

The functions and duties of the Audit Committee are stipulated in the Audit Committee Charter, which is reviewed annually.

## B) MEMBERS OF THE AUDIT COMMITTEE

Name of representative	Capacity	Meeting dates
Adv. Barrell, R	Chairperson	23 August 2010, 20 September 2010, 18 October 2010, 22 November 2010, 6 January 2011, 28 January 2011 (Oversight), 2 March 2011, 11 April 2011, 6 June 2011 and 27 June 2011
Mr. Metelerkamp, N	Member	
Ms. Muller, D	Member	
Mr. Bastian, P J	Member	

*Chapter 2 - Table12: Members of the Audit Committee*

## 2.4.4 INTERNAL AUDITING

Knysna Municipality's internal audit function has been outsourced to MeyerOtto Incorporated for the period 2011-2013.

Church Corner, Second Floor,  
Corner Courtenay- & Kerk Street,  
PO Box 1195,  
George,  
Western Cape,  
South Africa  
6530

## Annual Audit Plan

The Risk Based Audit Plan for 2010/11 was implemented in accordance with available resources. In accordance with the prioritised cycle approach, high-risk areas are being addressed first and more frequently over a three year cycle. Areas not completed were transferred to the rolling Three-Year Strategic Internal Audit Plan (2011 – 2014) to ensure complete coverage over the period, with High Risk Areas audited every year, Medium Risk Areas covered twice in a three year period and Low Risk Areas covered once in a three year period.

The table below provides detail on audits completed:

Description			No of Hours/ or no of days	Date completed
Phase 1				
Revisiting current risk profile and priorities			5 days	March 2011
Pro Audit Process Inputs				March 2011
Phase 2				
Compiling Risk Based Audit Plan			2 days	March 2011
Phase 3				
Audit Engagement	Departmental System	Detail	No of Hours	Date completed
Finance	Financial Services	Revenue (including also Debtors & Credit Control)	72	May 2011
		Policies & Procedures	64	June 2011
		Grants	56	June 2011
		Expenditure & Supply Chain Management	72	June 2011
		Leases	40	Transferred to Rolling 3-year Strategic Plan (2011 – 2014)
Corporate Services	Human Resources	Recruitment and Selection	64	June 2011
	Records	Administration	40	Transferred to Rolling 3-year Strategic Plan (2011 – 2014)
Performance Information	Governance	Performance Bonuses	160	June 2011
		Performance Management System		
		Performance Information		
		Reporting of Performance Information		
Technical Services	Infrastructure	Infrastructure Management	48	Transferred to Rolling 3-

Description			No of Hours/ or no of days	Date completed
	Management			year Strategic Plan (2011 – 2014)
Planning & Development	Housing	Administration of Transfer Process: Housing Schemes	48	Transferred to Rolling 3-year Strategic Plan (2011 – 2014)
		Waiting lists	40	
	Building Control & Town Planning	Building Plans & Building Inspections	64	Transferred to Rolling 3-year Strategic Plan (2011 – 2014)
Planning, Reporting & Project Management			130	30 June 2011
Follow up Audits (Auditor-General Findings)			80	30 June 2011
<b>Total Hours/ No of days</b>			<b>978</b>	

Chapter 2 - Table13: Internal Audit Coverage Plan

Below are the functions of the Internal Audit Unit that was performed during the financial year under review:

Function	Date/Number
Risk analysis completed/reviewed	March 2011
Risk based audit plan approved for 2010/11 financial year	March 2011
Internal audit programme drafted and approved	April 2011
Number of audits conducted and reported on	5
<b>Audit reports included the following key focus areas:</b>	
➤ <i>Internal controls</i>	
➤ <i>Accounting procedures and practices</i>	
➤ <i>Risk and risk management</i>	
➤ <i>Performance management</i>	
➤ <i>Loss control</i>	
➤ <i>Compliance with the MFMA and other legislation</i>	

Chapter 2 - Table14: Internal Audit Functions

## 2.4.5 AUDITOR GENERAL

The Municipality was audited by the Auditor-General of South Africa in terms of section 188 of the Constitution and section 4 of the Public Audit Act and section 126 of the MFMA and the audit report for the financial year under review is in Annexure B of this report.

### 2.4.6 BY-LAWS AND POLICIES

Section 11 of the MSA gives municipal Councils the executive and legislative authority to pass and implement by-laws and policies.

Below is a list of all the by-laws developed and reviewed during the financial year:

By-laws developed/revised	Date adopted	Public Participation Conducted Prior to adoption of By-Laws Yes/No	Date of Publication
Stormwater Management (Revised)	29 February 2008	No	-
Sporting Facilities (Revised)	29 February 2008	No	-
Fences and Fencing (Revised)	29 February 2008	No	-
Keeping of Dogs (Revised)	8 July 2005	No	-

*Chapter 2 - Table15: By-laws*

Below is a list of all the policies developed and reviewed during the financial year:

Policies developed/ revised	Date adopted	Public Participation Conducted Prior to adoption of policy (Yes/No)
Credit Control	20 April 2010	Yes (Part of budget process)
Delegation Register	20 April 2010	N/A
Early Childhood Development Centre	20 April 2010	Yes
Funding and Reserves Policy	20 April 2010	Yes (Part of budget process)
Indigent Support and Social Rebate Policy and Procedures	20 April 2010	Yes (Part of budget process)
Liability, Investment and Cash Management	20 April 2010	Yes (Part of budget process)
Property Rates	20 April 2010	Yes (Part of budget process)
Supply Chain Management	20 April 2010	Yes (Part of budget process)
Tariff	20 April 2010	Yes (Part of budget process)
Virement	20 April 2010	Yes (Part of budget process)

*Chapter 2 - Table16: Policies*

### 2.4.7 COMMUNICATION

Public participation is of critical importance to governance and effective delivery in the municipal area. The Knysna Municipality developed a communication strategy including systems to communicate with all its stakeholders. The Municipality held regular engagements with local communities and ensured that their inputs were taken into account. Public participation events during the year under review were participative and informative.

The communication strategy of the municipality has the following objectives:

- Deliver high standards of communication and information provision through regular communication with municipal staff, local residents, decision makers, stakeholders and its partners.
- Ensure that the communication process is accessible, open and transparent while enabling the Municipality to obtain information which informs its decisions, policies, plans and activities.
- Empower local communities by keeping them informed about local government issues and how they can participate in these processes.
- Improve and encourage good media relations.
- Promote and encourage intergovernmental relations.
- Establish a comprehensive diary of events for the municipality.
- Promote a clear understanding of the Municipality's vision, aims and objectives.
- Provide a framework wherein communities have the opportunity to contribute to the decision making process

Below is a communication checklist of the compliance to the communication requirements:

Communication activities	Yes/No
Communication unit	No: All communication is outsourced to a local service provider, with a full-time employee based in the Municipality
Communication Strategy	Yes
Communication Policy	Yes
Customer satisfaction surveys	No
Functional complaint management systems	Will be installed for whole organization in 2011-2012
Newsletters distributed at least quarterly	Yes

*Chapter 2 - Table17: Communication Activities*



### 2.4.8 WEBSITE

Section 75 of the MFMA requires certain documentation to be placed on municipal websites although every effort is made to comply with the requirement problems are regularly experienced due to factors such as.

- Cost of technology
- Size and format of documentation
- Insufficient guidelines from provincial and National government

Below is a website checklist to indicate the compliance to Section 75 of the MFMA:

Documents published on the Municipal website	Date Published
Current annual and adjustments budgets and all budget-related documents	20 April 2011
All current budget implementation policies	20 April 2011
Tariff policy	20 April 2011
Credit control policy	20 April 2011
Valuation policy	20 April 2011
SCM policy	20 April 2011
Annual report (09/10)	12 April 2011
Performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act for 2010/11	29 July 2010
Information statement containing a list of assets over a prescribed that have been disposed of in terms of section 14 (2) or (4) of the MFMA during 2010/11	10 November 2010

*Chapter 2 - Table 18: Website Checklist*

## CHAPTER 3

# **ORGANISATIONAL DEVELOPMENT PERFORMANCE**

## CHAPTER 3: ORGANISATIONAL DEVELOPMENT PERFORMANCE

### 3.1 NATIONAL KEY PERFORMANCE INDICATORS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area – Municipal Transformation and Organisational Development.

KPA & Indicators	Municipal Achievement		
	2008/09	2009/10	2010/11
The number of people from <b>employment equity</b> target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	3	3	1
The percentage of a municipality's budget actually spent on implementing its workplace skills plan	0.64%	0.58%	0.60%

*Chapter 3 - Table1: National KPIs– Municipal Transformation and Organisational Development*

### 3.2 PERFORMANCE HIGHLIGHTS – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Highlight	Description
Scarce Skills	The first local bursary student started working in the municipality as a Town Planner in 2010. The other six students will complete their studies in 2012.
	Two general workers have been career pathed to address the shortage of electricians in the municipality. They have now qualified as special workmen which is one level below a qualified electrician.

*Chapter 3 - Table2: Performance Highlights– Municipal Transformation and Organisational Development*

### 3.3 CHALLENGES – MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Challenge	Actions to address
Attracting Scarce skills	Knysna municipality creates a local pool of scarce skills by offering bursaries to local students.

*Chapter 3 - Table3: Challenges – Municipal Transformation and Organisational Development*

### 3.4 INTRODUCTION TO THE MUNICIPAL WORKFORCE

The Municipality currently employs 643 (excluding non-permanent positions) which constitutes 71% of the approved organogram.

#### 3.4.1 EMPLOYMENT EQUITY

The Employment Equity Act (1998) Chapter 3, Section 15 (1) states that affirmative action measures are measures designed to ensure that suitable qualified people from designated groups have equal employment opportunities and are equitably represented in all occupational categories and levels in the workforce of a designated employer. The national performance indicator also refers to: "Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan"

##### A) EMPLOYMENT EQUITY TARGETS/ACTUAL

African			Coloured			Indian			White		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
257	245	95%	300	319	106%	2	0	0%	95	79	83%

Chapter 3 - Table4: 2010/11 EE targets/Actual by racial classification

Male			Female			Disability		
Target June	Actual June	Target reach	Target June	Actual June	Target reach	Target June	Actual June	Target reach
450	490	109%	192	148	77%	10	5	50%

Chapter 3 - Table5: 2010/11 EE targets/actual by gender classification

## B) EMPLOYMENT EQUITY VS. POPULATION

Description	African	Coloured	Indian	White	Total
Population numbers (2007)	22,765	28,814	260	13,204	65,043
% Population	35.0	44.3	0.4	20.3	100
Number for positions filled	245	319	-	79	643
% for Positions filled	38	50	-	12	100

Chapter 3 - Table6: EE population 2010/11

## C) OCCUPATIONAL CATEGORIES - RACE

Below is a table that indicate the number of employees by race within the specific occupational categories:

Posts filled									
Occupational	Male				Female				Total
categories	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	6	10	-	9	-	1	-	4	30
Professionals	9	15	-	8	6	8	-	14	60
Technicians and associate professionals	-	4	-	1	-	-	-	-	5
Clerks	26	54	-	9	20	40	-	18	167
Service and sales workers	7	18	-	2	1	2	-	-	30
Craft and related trades workers	7	10	-	10	-	-	-	-	27
Plant and machine operators and assemblers	14	20	-	-	2	-	-	-	36
Elementary occupations	131	121	-	4	16	16	-	-	288
<b>Total permanent</b>	<b>200</b>	<b>252</b>		<b>43</b>	<b>45</b>	<b>67</b>	<b>-</b>	<b>36</b>	<b>643</b>
Non- permanent	97	55	-	2	18	39	-	2	213
<b>Grand total</b>	<b>297</b>	<b>307</b>		<b>45</b>	<b>63</b>	<b>106</b>		<b>38</b>	<b>856</b>

Chapter 3 - Table7: Occupational Categories

## D) OCCUPATIONAL LEVELS - RACE

The table below categories the number of employees by race within the occupational levels:

Occupational	Male				Female				Total
Levels	A	C	I	W	A	C	I	W	
Top Management	1	3	-	1	-	-	-	1	6
Senior management	5	7	-	8	-	1	-	3	24
Professionally qualified and experienced specialists and mid- management	9	15	-	8	6	8	-	14	60

Occupational	Male				Female				Total
Levels	A	C	I	W	A	C	I	W	
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	17	27	-	16	1	1	-	2	64
Semi-skilled and discretionary decision making	37	79	-	6	22	41	-	16	201
Unskilled and defined decision making	131	121	-	4	16	16	-	-	288
<b>Total permanent</b>	<b>200</b>	<b>252</b>	<b>-</b>	<b>43</b>	<b>45</b>	<b>67</b>	<b>-</b>	<b>36</b>	<b>643</b>
Non- permanent employees	97	55	-	2	18	39	-	2	213
<b>Grand total</b>	<b>297</b>	<b>307</b>	<b>-</b>	<b>45</b>	<b>63</b>	<b>106</b>	<b>-</b>	<b>38</b>	<b>856</b>

Chapter 3 - Table8: Occupational Levels

## E) DEPARTMENTS - RACE

The following table categorises the number of employees by race within the different departments:

Department	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal Manager	-	1	-	1	1	-	-	1	4
Management Services	5	7	-	2	4	8	-	3	29
Financial Services	4	19	-	7	9	11	-	20	70
Community Services	86	83	-	9	20	25	-	7	230
Protection Services	9	20	-	4	1	2	-	-	36
Infrastructure and Planning Services	95	121	-	20	9	20	-	5	270
Economic Development Services	1	1	-	-	1	1	-	-	4
<b>Total permanent</b>	<b>200</b>	<b>252</b>	<b>-</b>	<b>43</b>	<b>45</b>	<b>67</b>	<b>-</b>	<b>36</b>	<b>643</b>
Non- permanent	97	55	-	2	18	39	-	2	213
<b>Grand total</b>	<b>297</b>	<b>307</b>	<b>-</b>	<b>45</b>	<b>63</b>	<b>106</b>	<b>-</b>	<b>38</b>	<b>856</b>

Chapter 3 - Table9: Department - Race

## 3.4.2 VACANCY RATE

The approved organogram for the municipality had 900 posts for the 2010/11 financial year. The actual positions filled are indicated in the tables below by post level and by functional level. 257 posts were vacant at the end of 2010/11, resulting in a vacancy rate of **28.6%**.

Below is a table that indicates the vacancies within the municipality:

PER POST LEVEL		
Post level	Filled	Vacant
MM &MSA section 57 & 56	6	0
Middle management	60	51
Admin Officers	289	49
General Workers	288	157
<b>Total</b>	<b>643</b>	<b>257</b>
PER FUNCTIONAL LEVEL		
Functional area/ Directorate	Filled	Vacant
Municipal Manager	4	3
Corporate Services	29	9
Financial Services	70	25
Planning and Development Services	37	13
Electrical Services	39	18
Community Services	266	35
Technical Services	198	154
<b>Total</b>	<b>643</b>	<b>257</b>

Chapter 3 - Table10: Vacancy rate per post and functional level

The table below indicates the number of staff per level expressed as total positions and current vacancies express as full time staff equivalents:

Salary Level	Number of current critical vacancies	Number total posts as per organogram	Vacancy job title	Vacancies (as a proportion of total posts per category)
Municipal Manager	–	1	–	–
Chief Financial Officer	–	1	–	–
Other Section 57 Managers	–	4	–	–
Senior management	6	30	Managers: LED, Sport, IT, Communication, Special Projects, Senior Manager in the Office of the Municipal Manager	<b>20%</b>
Highly skilled supervision	30	60	Accountants, Librarians, Technicians, Legal, Engineers	<b>50%</b>
<b>Total</b>	<b>36</b>	<b>96</b>		<b>37.5%</b>

Chapter 3 - Table11: Vacancy rate per salary level

The following graph specifies the vacancy rate as a percentage per salary level



Chapter 3 - Graph 1: Vacancy rate

### 3.4.3 TURNOVER RATE

Below is a table that shows the turnover rate within the municipality. The turnover rate shows an **increase** from 4.9% in 2009/10 to 8.2% in 2010/11.

The table below indicates the turn-over rate over the last three years:

Financial year	Total no appointments at the end of each Financial Year	New appointments	No Terminations during the year	Turn-over Rate
2008/09	601	32	43	6.8%
2009/10	618	34	31	4.9%
2010/11	643	68	53	8.2%

Chapter 3 - Table12: Turnover Rate

## 3.5 MANAGING THE MUNICIPAL WORKFORCE

### 3.5.1 INJURIES

Knysna Municipality is committed to ensuring a safe and healthy environment for its employees. Occupational and Safety Committee meets bi-monthly to ensure that occupational health and safety risks are identified and mitigated. This was done through a municipal wide occupational health and safety audit. All departments of the municipality are represented in the committee.

All these efforts resulted in a slight decrease for the 2010/11 financial year from **56** employees injured against **60** employees in the 2009/10 financial year.



The table below indicates the total number of injuries within the different directorates:

Directorate	2008/09	2009/10	2010/11
Corporate Services	0	1	4
Community Services	22	36	31
Financial Services	3	9	8
Electro- Technical Services	4	3	3
Planning and Development	0	0	1
Technical Services	9	11	9
Municipal Manager	0	0	0
<b>Total</b>	<b>38</b>	<b>60</b>	<b>56</b>

*Chapter 3 - Table13: Injuries*

### 3.5.2 SICK LEAVE

The total number of employees that have taken sick leave during the 2010/11 financial year shows an increase of 8% of when comparing it with the 2009/10 financial year.

The table below indicates the total number sick leave days taken within the different directorates:

Directorate	2008/09	2009/10	2010/11
Municipal Manager	4	-	3
Corporate Services	94	85	79
Financial Services	373	340	550
Community Services	1,568	1,810	1,127
Electro-Technical Services	212	196	279
Planning and Development	167	230	831
<b>Total</b>	<b>2,418</b>	<b>2,661</b>	<b>2,869</b>

*Chapter 3 - Table14: Sick Leave*

### 3.5.3 HR POLICIES AND PLANS

Knysna Municipality has a comprehensive set of Human Resource policies which regulate the implementation of human resource practices in the municipality. Having policies ensures consistency and objectivity when dealing with HR related matters. HR policies are regularly reviewed to ensure that they are up to date with developments in the HR field.

The table below shows the HR policies and plans that are approved and that still needs to be developed:

Approved policies	
Name of policy	Date approved/ revised
1. Recruitment and Selection Policy	2009
2. Travelling and Subsistence Policy	2009
3. Training and Development Policy	2006
4. Internship and Experiential Policy	2006
5. Staff Bursary Policy	2007
6. External Bursary Policy	2007
7. Overtime Policy	2007
8. Acting Policy	2006
9. Employee Assistance Programme Policy	2006
10. HIV/AIDS Policy	2009
11. Cellular Telephone Policy	2010
12. Employment Equity Policy	2004
Policies still to be developed	
Name of policy	Proposed date of approval
Leave Policy	2012
Housing Allowance/subsidy Policy	2012
Scarce Skills Policy	2012
Protecting Clothing Policy	2012

Chapter 3 - Table15: HR policies and plans

### 3.5.4 EMPLOYEE PERFORMANCE REWARDS

Performance rewards are currently paid to the Municipal Manager, Section 56 Managers and heads of departments who are appointed on fixed contract. Individual Performance Management System is cascaded down to the second reporting line of managers. Performance rewards will be considered when IPMS is implemented. Performance rewards are paid after the approval of the annual report. By June 2011 no Section 56 Managers employee was paid performance bonus.

The table below shows the total number of S57 that received performance rewards:

Race	Gender	Number of beneficiaries	Total number of employees received performance rewards	% Employees received performance rewards
African	Female	-	-	-
	Male	-	-	-
Asian	Female	-	-	-
	Male	-	-	-

Race	Gender	Number of beneficiaries	Total number of employees received performance rewards	% Employees received performance rewards
Coloured	Female	-	-	-
	Male	3	3	100%
White	Female	1	1	100%
	Male	2	2	100%
Disability	Female	-	-	-
	Male	-	-	-
Total		6	6	100%

Chapter 3 - Table16: Performance Rewards

### 3.6 CAPACITATING THE MUNICIPAL WORKFORCE

Knysna Municipality acknowledges the fact that it is only through a skilled workforce that it can meet its service delivery mandate to its communities. Employees at all levels have attended training to improve work performance. The municipality's Training and Development Committee monitors approves the Workplace Skills Plan and monitors its implementation.

#### 3.6.1 SKILLS MATRIX

The table below indicates the number of employees that received training in the year under review:

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
MM and S57	Female	1	1
	Male	5	5
Legislators, senior officials and managers	Female	4	2
	Male	22	7
Associate professionals and Technicians	Female	10	28
	Male	28	11
Professionals	Female	9	10
	Male	12	12
Clerks	Female	15	21
	Male	14	23
Service and sales workers	Female	—	—
	Male	—	—
Craft and related trade workers	Female	—	—

Management level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
	Male	–	–
Plant and machine operators and assemblers	Female	0	0
	Male	14	30
Elementary occupations	Female	35	36
	Male	93	121
<b>Sub total</b>	<b>Female</b>	<b>74</b>	<b>98</b>
	<b>Male</b>	<b>188</b>	<b>209</b>
<b>Total</b>		<b>262</b>	<b>307</b>

Chapter 3 - Table17: Skills Matrix

### 3.6.2 SKILLS DEVELOPMENT – TRAINING PROVIDED

Knysna Municipality provides different types of training to ensure that all training programmes are relevant and achieve set objectives.

Occupational categories	Gender	Number of employees as at the beginning of the financial year	Training provided within the reporting period						
			Learnerships		Skills programmes & other short courses		Total		
			Actual	Target	Actual	Target	Actual	Required	Variance
MM and S57	Female	1	1	1	0	0	1	1	0
	Male	5	5	5	0	0	5	5	0
Legislators, senior officials and managers	Female	8	6	8	2	0	8	8	0
	Male	22	17	22	2	0	19	22	(3)
Professionals	Female	28	6	2	-	-	6	2	4
	Male	32	6	0	3	3	9	3	6
Technicians and associate professionals	Female	-	-	-	-	-	-	-	-
	Male	5	-	-	-	-	-	-	-
Clerks	Female	78	5	15	21	15	26	30	4
	Male	89	3	14	23	14	26	28	2
Service and sales workers	Female	3	-	-	-	-	-	-	-
	Male	27	-	-	-	-	-	-	-
Craft and related trade workers	Female	-	-	-	-	-	-	-	-
	Male	27	-	-	-	-	-	-	-
Plant and machine operators and assemblers	Female	2	-	-	-	-	-	-	-
	Male	34	4	8	30	14	34	22	(12)

Occupational categories	Gender	Number of employees as at the beginning of the financial year	Training provided within the reporting period						
			Learnerships		Skills programmes & other short courses		Total		
			Actual	Target	Actual	Target	Actual	Required	Variance
Elementary occupations	Female	32	9	15	–	–	9	15	6
	Male	252	29	20	–	–	29	20	(9)
Sub total	Female	152	27	41	23	15	50	56	6
	Male	493	64	69	58	31	122	100	(22)
Total		645		110	81	46	172	156	(16)

Chapter 3 - Table18: Skills Development

### 3.6.3 SKILLS DEVELOPMENT - BUDGET ALLOCATION

The table below indicates that a total amount of R1,070,000 was allocated to the workplace skills plan and that 93.% of the total amount was spent in the 2010/11 financial year:

Total personnel budget	Total Allocated	Total Spend	Spend %
R'000	R'000	R'000	
128,006	1,070	998	93

Chapter 3 - Table19: Budget allocated and spent for skills development

## 3.7 MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

The appointment of new staff to fill vacant posts is closely linked to the municipal cash flow. During the past few financial years vacant budgeted for posts have been placed on hold till such time as Council's cash flow allows for the filling of the targeted posts.

### 3.7.1 PERSONNEL EXPENDITURE

The table below indicates the percentage of municipal expenditure spent on salaries and allowance for the past three financial years and that the municipality is below the national norm of between 35 to 40%:

Financial year	Total Expenditure salary and allowances	Total Operating Expenditure	Percentage(%)
	R'000	R'000	
2008/09	100,602	327,208	30,7
2009/10	113,922	376,096	30,3
2010/11	128,382	427,347	30.0

Chapter 3 - Table20: Personnel Expenditure

Below is a summary of Councilor and staff benefits for the year under review:

Financial year	2006/7	2007/8	2008/9	2009/10	2010/11		
Description	Actual	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
<b><u>Councillors (Political Office Bearers plus Other)</u></b>							
Salary	2,540	2,296	2,542	2,737	3,317	2,734	2,933
Pension Contributions	172	136	151	164	188	188	171
Medical Aid Contributions	49	54	55	56	0	0	63
Motor vehicle allowance	951	864	953	1,022	1,247	1,050	1,093
Cell phone allowance	159	171	188	203	251	251	218
Housing allowance	48	111	120	120	129	129	110
Other benefits or allowances	2	0	0	0	0	0	0
In-kind benefits	0	0	0	0	0	0	0
<b>Sub Total</b>	<b>3,921</b>	<b>3,632</b>	<b>4,009</b>	<b>4,302</b>	<b>5,132</b>	<b>4,352</b>	<b>4,588</b>
<b>% (decrease)/increase</b>		<b>(7)</b>	<b>10</b>	<b>7</b>	<b>19</b>	<b>(15)</b>	<b>5</b>
<b><u>Senior Managers of the Municipality</u></b>							
Salary	3,008	3,567	4,483	4,744	5,111	5,111	5,223
Pension and Medical Aid Contributions	609	361	681	743	898	898	725
Motor vehicle allowance	492	382	530	466	641	641	445
Cell phone allowance	0	57	82	74	75	75	72
Housing allowance	0	7	9	6	6	6	3
Performance Bonus	305	557	539	485	1,009	1,009	605
Leave paid out (retired)	0	0	32	0	0	0	184
Long Service Award	0	0	0	63	0	0	0
Other benefits or allowances	0	0	0	0	0	0	0
In-kind benefits	0	0	0	0	0	0	0
<b>Sub Total</b>	<b>4,414</b>	<b>4,931</b>	<b>6,356</b>	<b>6,581</b>	<b>7,739</b>	<b>7,739</b>	<b>7,257</b>
<b>% (decrease)/increase</b>		<b>11</b>	<b>29</b>	<b>1</b>	<b>21</b>	<b>0</b>	<b>(10)</b>
<b><u>Other Municipal Staff</u></b>							
Basic Salaries and Wages	42,628	48,172	56,251	62,920	72,067	67,379	72,219
Bonus	2,532	3,533	4,017	4,451	4,959	4,193	4,878
Pension and Medical Aid	13,767	15,077	17,164	20,621	18,563	17,680	21,024

Financial year	2006/7	2007/8	2008/9	2009/10	2010/11		
Description	Actual	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
Contributions							
Motor vehicle and other allowances	4,120	4,102	3,719	6,293	5,487	5,672	5,850
Housing allowance	943	1,138	1,332	1,296	1,495	1,466	1,347
Overtime	3,746	3,891	4,228	4,122	4,617	5,945	5,082
Contributions and Provisions	39,226	6,938	7,928	8,626	10,825	10,830	8,546
<b>Sub Total</b>	106,962	82,851	94,639	108,329	118,013	113,165	118,946
<b>% (decrease)/increase</b>		(23)	14	14	9	(4)	5
<b>Total Municipality</b>	<b>115,297</b>	<b>91,414</b>	<b>105,004</b>	<b>118,517</b>	<b>130,884</b>	<b>125,256</b>	<b>130,791</b>
<b>% (decrease)/increase</b>		(21)	15	14	10	(4)	4

Chapter 3 - Table21: Personnel Expenditure

## **CHAPTER 4**

### **STRATEGIC PERFORMANCE**



## CHAPTER 4: STRATEGIC PERFORMANCE

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This chapter provides information on the strategic performance of the municipality and indicates how well the municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation. The implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This chapter speaks to the strategic performance highlights in terms of the Municipality's IDP, performance on basic service delivery and backlogs addressed the MIG projects as well as the spending priorities for the following year. It addresses the communication and public participation processes of the Municipality to give a holistic view of how the Municipality communicates performance to its stakeholders.

The Municipal Systems Act, 2000 (Act 32 of 2000) and the Local Government: Municipal Planning and the Performance Management Regulations 2001 require municipalities to adopt a performance management system. Once the IDP and budget have been prepared and approved, the Municipality prepared their Service Delivery and Budget Implementation Plan (SDBIP) in accordance with the MFMA and MFMA Circular 13. The SDBIP indicates monthly performance targets, financial performance targets and assigns responsibility to execute the respective performance targets. The Municipality assessed its performance on a monthly basis and reported progress on performance against targets set to Council quarterly and ultimately presents the annual performance results in this annual report.

The Strategy map below specifies the strategic link of the focus areas of the municipality aligned with the National Key Performance Areas. The National Key Performance Areas is aligned with the Strategic Objectives that were identified in the 2010/11 reviewed IDP. The strategic objectives are linked to the outcomes for 2010/11. These alignments are directly link to the municipality's vision and mission.

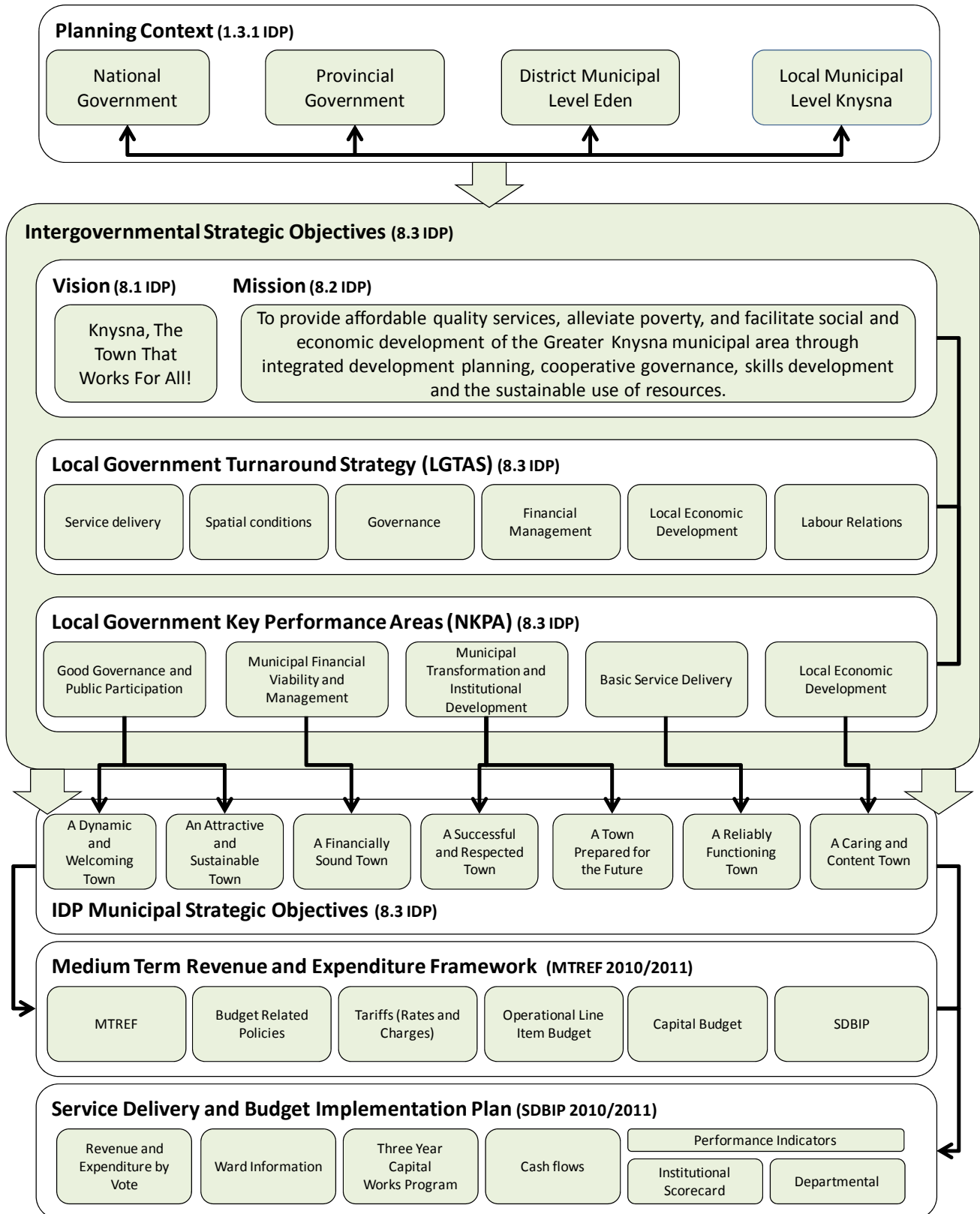


Figure 2: Strategy Map

#### 4.1 NATIONAL KEY PERFORMANCE INDICATORS – BASIC SERVICE DELIVERY AND LOCAL ECONOMIC DEVELOPMENT

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the following two National Key Performance Areas: Basic Service Delivery and Local Economic Development.

KPA & Indicators	Municipal Achievement		
	2008/09	2009/10	2010/11
<b><u>Basic Service Delivery</u></b>			
Social rebate earnings amount per household per month	2,000	2,500	2,500
(a) The percentage of households earning less than the approved social rebate amount with access to free basic services	100%	100%	100%
(b) The percentage of households with access to basic level of water	100%	100%	100%
(c) The percentage of households with access to basic level of sanitation	100%	100%	100%
(d) The percentage of formal households with access to basic level of electricity	90%	90%	98%
(e) The percentage of households with access to basic level of solid waste removal	100%	100%	100%
<b><u>Local economic development</u></b>			
The number of <b>jobs created</b> through municipality's local economic development initiatives including capital projects	No data	9,576	2,344: 1,723: Refuse 587: Technical 34: Halls

*Chapter 4 - Table1: National KPIs – Basic Service Delivery and Local Economic Development*

#### 4.2 STRATEGIC SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (TOP LEVEL)

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section provides an overview on the strategic achievement of the municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The top level (strategic) SDBIP is the municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements) The municipality compiled a top layer SDBIP for the first time in the 2010/11 financial year.

In the paragraphs below the performance achieved is illustrated against the top layer SDBIP according to the 5 National Key Performance Areas linked to the Municipal Key Performance Areas and IDP (strategic) Objectives.

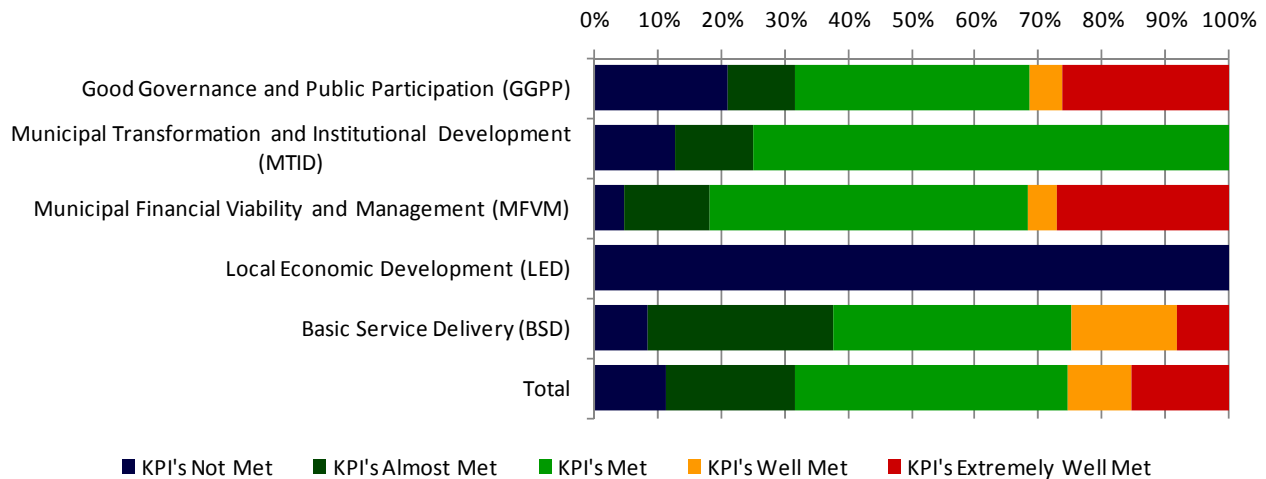
The following table illustrates the method in which the strategic service delivery budget implementation plan is measured:

Category	Color	Explanation
KPI's Not Met		0% $\geq$ Actual/Target < 75%
KPI's Almost Met		75% $\geq$ Actual/Target < 100%
KPI's Met		Actual/Target = 100%
KPI's Well Met		100% $>$ Actual/Target < 150%
KPI's Extremely Well Met		Actual/Target $\geq$ 150%

*Figure 3: SDBIP measurement categories*

Below is the top level SDBIP according to the 5 National Key Performance Areas linked to the Municipal Key Performance Areas and IDP (strategic) Objectives.

National Key Performance Areas	KPI's Extremely Well Met	KPI's Well Met	KPI's Met	KPI's Almost Met	KPI's Not Met	Total
Good Governance and Public Participation (GGPP)	3	3	11	1	1	19
Municipal Transformation and Institutional Development (MTID)	1	1	5	0	1	8
Municipal Financial Viability and Management (MFVM)	3	7	11	1	0	22
Local Economic Development (LED)	1	0	0	0	0	1
Basic Service Delivery (BSD)	4	14	17	8	5	48
Total	12	25	44	10	7	98



*Chapter 4 - Graph1: Performance per National Key Performance Area*

#### 4.2.1 TOP LEVEL SDBIP - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

The National Key Performance Area Good Governance and Public Participation are linked to the Municipal Key Performance Area namely Good Governance and Public Participation. The IDP Objective that is linked to Good Governance and Public Participation is: *"A Dynamic and Welcoming Town"*

KPI	Unit of Measurement	Baseline	Actual performance 2009/10		Actual performance 2010/11		Performance Comment	Corrective measures
			Target	Actual	Target	Actual		
SDBIP approval and reviews	SDBIP approved within 28 days after budget	1	1	1	1	2	(1) Top Level approved with the budget 20 April 2011. (2) Signed off by Mayor 28 June 2011	n/a
Improved good governance (anti-corruption policy)	Develop an Anti-corruption policy by end June	1	New PI	New PI	1	1	n/a	n/a
Institutional Performance management system in place	No of performance agreements signed on time	6	7	7	6	6	n/a	n/a
Annual performance reporting	Annual report and oversight report of council submitted before legislative deadline	1	1	1	1	1	n/a	n/a
Functional performance audit committee	No of meetings of the performance audit committee	4	9	10	8	10	23 August, 20 September, 18 October, 22 November, 6 January, 28 January (Oversight), 2 March, 11 April, 6 June and 27 June	n/a
Risk based audit plan	Develop and submit audit plan for approval	100%	100%	100%	100%	100%	n/a	n/a
Effective functioning of council	No of council meetings	4	7	10	4	11	29 July, 30 September, 08 October (Special), 07 December, 17 December (Special), 25 January, 25 February (Special), 17 March, 20 April, 31 May (Inaugural) and 15 June	n/a
Effective functioning of committee system	No of sec 80 committee meetings per committee per annum	37	33	33	29	29	n/a	n/a
Municipality complying with all relevant legislation	% compliance with legislation	70%	New PI	New PI	70%	80%	This PI cannot be accurately measured as there are too many Acts / Regulations to be a 100% certain that there is no non-compliance.	n/a
Effective communication with communities	Development or review of communication policy	0	New PI	New PI	1	1	n/a	n/a

KPI	Unit of Measurement	Baseline	Actual performance 2009/10		Actual performance 2010/11		Performance Comment	Corrective measures
			Target	Actual	Target	Actual		
Effective functioning of ward committees	No of ward committee meetings per ward per annum	32	54	14	24	16	PI problematic as the achievement of the target is reliant on external parties. Meetings not held due to elections in May	Advertisements for new ward committees have been placed and they will be in place by September 2011
Institutional Performance management system in place	Individual performance management system implemented up to the lowest level (Level 7 (Old) 11(TASK))	30%	New PI	New PI	100%	100%	n/a	n/a
Reaching of employment equity targets	% of targets reached	70%	100%	100%	100%	100%	n/a	n/a
Creation of effective capacity	% Vacancy level as % of approved organogram	76% of approved organogram	New PI	New PI	76%	71%	See chapter three of the Annual Report. Conditional on budget availability	None, actual is in the (10%) range between 68% and 84% which is considered as the norm.
Approval of Main budget	Completion of draft Operating and Capital Budget and formal submission to Council by 31 May	100%	100%	100%	100%	300%	(1) Draft budget tabled at Council on 17 March (due date 31 March) 2011 (2&3) Budget approved by Council on 20 April (due date 31 May)	n/a
Approval of adjustments budget	Approval of adjustments budget before legislative deadline	100%	100%	100%	100%	100%	n/a	n/a
Reviewed IDP	IDP reviewed by March Annually	1	1	1	1	1	n/a	n/a
IDP endorsed by all wards	No of ward committees endorsing IDP	8	8	8	8	8	n/a	n/a
Number of Sport Forum meetings	Tightening of the institutional set up for effective liaison on sport and cultural issues	6	4	30	6	8	Meetings with Eden, Karatara and Rheenendal	n/a

Chapter 4 - Table2: Top Level SDBIP – Good Governance and Public Participation

#### 4.2.2 TOP LEVEL SDBIP - MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

The National Key Performance Area Municipal Transformation and Institutional Development are linked to the Municipal Key Performance Area namely Municipal Transformation and Institutional Development. The IDP Objectives linked to Municipal Transformation and Institutional Development are: *"A Successful and Respected Town"* and *"A Financially Sound Town"*.

KPI	Unit of Measurement	Base-line	Actual performance 2009/10		Actual performance 2010/11		Performance Comment	Corrective measures
			Target	Actual	Target	Actual		
Effective labour relations	No of meetings of the LLF	12	New PI	New PI	12	7	PI problematic as the achievement of the target is reliant on external parties.	New LLF established by Council
Effective and up to date HR policies	Revision of all HR policies annually by March	0	100%	100%	100%	100%	n/a	n/a
Targeted skills development	% Implementation of skills development plan	80	New PI	New PI	80%	100%	Skills plan for 2010/11 fully implemented	n/a
Targeted skills development	The percentage of budget spent on implementing its workplace skills plan	0	100	83%	100%	100%	n/a	n/a
Effective and up to date By-laws	No of By-laws revised annually	4	3	5	4	4	n/a	n/a
Spatial Development Plan assessed in terms of BESP	Final Assessment report concluded by BESP task team	1 Assessment	New PI	New PI	1	10	Only Local Authority in the pilot which had both a Council approved SDF and Human Settlement Strategy. This, along with the continued commitment of the officials, ensured that the finalisation of the report well ahead of time.	n/a
Reviewed Disaster Management Framework/ Plan	Disaster Management Framework/ Plan reviewed by December Annually	1	1	1	1	1	n/a	n/a
Provision & Maintenance of sport facilities	No of wards without maintained sport facilities	0	New PI	New PI	0%	0%	n/a	n/a

Chapter 4 - Table3: Top Level SDBIP – Municipal Transformation and Institutional Development

### 4.2.3 TOP LEVEL SDBIP - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The National Key Performance Area Municipal Financial Viability and Management is linked to the Municipal Key Performance Area namely *Municipal Financial Viability and Management*. The IDP Objectives linked to Municipal Financial Viability are: "*A Successful and Respected Town*" and "*A Town Prepared for the Future*"

KPI	Unit of Measurement	Base-line	Actual performance 2009/10		Actual performance 2010/11		Performance Comment	Corrective measures
			Target	Actual	Target	Actual		
Improvement in conditional grant spending - capital	% of total conditional capital grants spent	141%	New PI	New PI	100%	95%	Actual is in the (10%) range between 90% and 110% which is considered as the norm. See Annexure E of the AFS	No corrective measure required
Improvement in conditional grant spending - operational	% of total conditional operational grants spent	100%	New PI	New PI	100%	100%	See Annexure E of the AFS	n/a
Asset management	Maintained asset register	100%	100%	100%	100%	100%	n/a	n/a
Improved revenue collection	% Debt recovery rate	94.3%	96%	96%	94%	96%	Write Off Vermont Old Age Home arrears	n/a
Updated indigent register for the provision of free basic services	Updated indigent register by July Annually	1	1	1	1	1	n/a	n/a
Operation Audit Cleanup	Implementing operation audit cleanup	100%	New PI	New PI	100%	100%	n/a	n/a
Closure of books and compilation of financial statements	Completion of financial statements and formal submission to the Auditor General by 31 August	1	1	1	1	1	n/a	n/a
Financial Viability	Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)	12.4:1	12.0:1	13.52	2.0:1	2.3:1	Figures for 2009/10 utilised due to audited figures only being available at the end of November 2011	n/a
Financial Viability	Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	22.9%	19%	21%	16%	16%	n/a	n/a
Financial Viability	Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure	1.1:1	2.5:1	2.45:1	1.1:1	2.4:1	Figures for 2009/10 utilised due to audited figures only being available at the end of November 2011	n/a



KPI	Unit of Measurement	Base-line	Actual performance 2009/10		Actual performance 2010/11		Performance Comment	Corrective measures
			Target	Actual	Target	Actual		
Effective SCM system	No of successful appeals	0	0	0	0	0	n/a	n/a
Percentage of property valuations disputed	% disputed	6%	New PI	New PI	0.50%	0.14%	Dedicated individual appointed to facilitate disputes	n/a
Percentage/ No of HH receiving free basic sanitation	% of HH / No of HH	1,332	100%	100%	1,500	1,063	Statistical PI, needed for reporting purposes only (above or below target not a failure)	n/a
Quantum of free basic sanitation received	R value per month per household	R 48.33	R 48.33	R 48.33	R 51.92	R 51.92	n/a	n/a
Percentage of households with access to basic level of water (1)	Percentage of households in approved informal areas with standpipe water supply within 200m	100%	100%	100%	100%	100%	n/a	n/a
No of HH receiving free basic refuse removal	No of HH	1,573	100%	100%	1,700	8,250	Statistical PI, needed for reporting purposes only (above or below target not a failure) Northern Areas included in Actual	n/a
Quantum of free basic refuse removal received	R value per month per household	R 43.66	R 50.00	R 50.00	R 53.75	R 53.75	n/a	n/a
Percentage of formal households with access to basic level of water (2)	The total number of formal household with access to on site water supply divided by the total number of households known to the Municipality	100%	100%	100%	100%	100%	n/a	n/a
No of HH receiving free basic water	No of HH	1,142	New PI	New PI	2,600	727	Statistical PI, needed for reporting purposes only (above or below target not a failure)	n/a
Quantum of free basic water received	Kl per month per household	266,760	New PI	New PI	304,560	635,725	Statistical PI, needed for reporting purposes only (above or below target not a failure)	n/a
Number of households receiving free basic electricity	No of households	6,800	New PI	New PI	6,800	6,921	Statistical PI, needed for reporting purposes only (above or below target not a failure)	n/a
Quantum of free basic electricity received	Kwh per month per household	the 8,121	New PI	New PI	4,338,121	3,762,900	Statistical PI, needed for reporting purposes only (above or below target not a failure)	n/a

Chapter 4 - Table4: Top Level SDBIP – Municipal Financial Viability and Management

#### 4.2.4 TOP LEVEL SDBIP - LOCAL ECONOMIC DEVELOPMENT

The National Key Performance Area Local Economic Development is linked to the Municipal Key Performance Area namely *Local Economic Development*. The IDP Objective that is linked to Local Economic Development is: "*A Caring and Content Town*"

KPI	Unit of Measurement	Base-line	Actual performance 2009/10		Actual performance 2010/11		Performance Comment	Corrective measures
			Target	Actual	Target	Actual		
Employment through Housing development	No of emerging contractors utilised	10	10	11	10	12	Including three woman	n/a

Chapter 4 - Table5: Top Level SDBIP – Local Economic Development

#### 4.2.5 TOP LEVEL SDBIP - BASIC SERVICE DELIVERY

The National Key Performance Area Basic Service Delivery is linked to the Municipal Key Performance Area namely *Basic Service Delivery*. The IDP Objective that is linked to Basic Service Delivery is: "*A Reliably Functioning Town (RFT)*"

KPI	Unit of Measurement	Base-line	Actual performance 2009/10		Actual performance 2010/11		Performance Comment	Corrective measures
			Target	Actual	Target	Actual		
Implementation of Integrated Human Settlement Strategy	no of recommendations developed	2	2	16	2	53	Knysna Municipality runs a series of interventions over a year. This year included: the Karatara survey and pegging; the socio-economic audit to prepare for the transfer of Karatara properties; design of Happy Rest and Ethembeni; completion of basic services at Hlalani; commencement of the Rheenendal MSP and Infill applications; submission of 3 Vision phases applications and one Vision services application and resubmission of the rectification business plan. We also received an additional DORA allocation.	n/a

KPI	Unit of Measurement	Base-line	Actual performance 2009/10		Actual performance 2010/11		Performance Comment	Corrective measures
			Target	Actual	Target	Actual		
Percentage/ No of HH that meet agreed standards (all existing informal settlements to be formalised with land use plans for economic and social facilities and with the provision of permanent basic services) - Informal areas	No of informal dwellers provided with housing opportunity	250	250	543	100	420	We exceeded the target due to innovative construction practices and the acquisition of additional DORA funds.	n/a
Percentage/ No of HH that meet agreed sanitation service standards (at least once a week) - Informal areas	% of HH without/ No of HH that meet minimum standard sanitation	250	250	543	100	420	We exceeded the target due to innovative construction practices and the acquisition of additional DORA funds.	n/a
Maintenance of recreational areas	Development and implementation of maintenance plan for recreational areas	100%	New PI	New PI	100%	121%	A safety check on equipment was done (play parks). Mowing and general maintenance	n/a
Maintenance of recreational areas	% of maintenance budget of recreational areas spent	95%	New PI	New PI	95%	121%	A safety check on equipment was done (play parks). Mowing and general maintenance	n/a
Maintenance of grave yards	Development and implementation of maintenance plan for grave yards	100%	New PI	New PI	100%	100%	n/a	n/a
Maintenance of grave yards	% of maintenance budget of grave yards spent	95%	New PI	New PI	95%	96%	Actual is in the (10%) range between 90% and 110% which is considered as the norm.	n/a
Maintenance of halls and facilities	Development and implementation of maintenance plan for halls and facilities	100%	New PI	New PI	100%	100%	n/a	n/a
Maintenance of halls and facilities	% of maintenance budget of halls and facilities spent	95%	New PI	New PI	95%	61%	In future savings will be utilised to upgrade Khayaletu Hall	Plan will be developed to address hall maintenance
Develop and implement a comprehensive Traffic Law Enforcement Strategy	% Decrease in traffic violations per average vehicular flow	4,500	4,500	3,296	4,400	0	Information not available.	The new traffic enforcement equipment will produce the required information
Effective fire brigade service	% of Fire Brigade service that meets agreed standards	100%	100%	100%	100%	100%	n/a	n/a
Promoting Council's Waste Minimisation- and Recycling Strategy	% improvement	0%	New PI	New PI	100%	100%	n/a	n/a
Effective capital spending	% spent of approved waste management capital projects	95%	100%	109%	100%	32%	Insufficient funds	Current funds will be rolled over to the new financial year.

KPI	Unit of Measurement	Base-line	Actual performance 2009/10		Actual performance 2010/11		Performance Comment	Corrective measures
			Target	Actual	Target	Actual		
Maintenance of refuse removal assets	% of approved maintenance plan executed	95%	New PI	New PI	95%	120%	Additional repairs and maintenance required at transfer station	n/a
Maintenance of refuse removal assets	% of maintenance budget of refuse removal spent	95%	New PI	New PI	95%	108%	Actual is in the (10%) range between 90% and 110% which is considered as the norm.	n/a
Percentage/ No of HH with no stormwater system - Formal areas	% of HH without/ No of HH without	0%	0%	0%	0%	0%	n/a	n/a
Percentage/ No of HH with no stormwater system - Informal areas	% of HH without/ No of HH without	250	250	543	0	0	n/a	n/a
Effective capital spending	% spent of approved stormwater capital projects	0	100%	110%	0	0	n/a	n/a
Maintenance of stormwater assets	% of approved maintenance plan executed	95%	New PI	New PI	95%	75%	Poor planning	Better programming to be done in future.
Maintenance of stormwater assets	% of maintenance budget of stormwater spent under directorate's control	95%	New PI	New PI	95%	75%	Insufficient resources to implement the planned budget	Improve planning
Improvement of sanitation system capacity	% improvement	0%	New PI	New PI	0%	0%	n/a	n/a
Percentage/ No of HH that meet agreed sanitation service standards (at least VIP on site) -Formal areas	% of HH without/ No of HH without minimum standard sanitation	0	0	0	0	0	n/a	n/a
Percentage/ No of HH that meet agreed sanitation service standards (at least VIP on site) -Informal areas	% of HH without/ No of HH that meet minimum standard sanitation	This PI is currently not measurable	0	0	0	0	n/a	n/a
Percentage water quality level of waste water discharge	Quality of waste water discharge for the grater Knysna Area	50%	New PI	New PI	50%	66%	Improved operational performance	n/a
Effective capital spending	% spent of approved waste water management capital projects	95%	100%	95%	95%	89%	Some capital projects finish after the end of the financial year	Better reporting going forward in 2011/12
Maintenance of sanitation assets (Plan)	% of approved maintenance plan executed	95%	New PI	New PI	95%	95%	n/a	n/a
Maintenance of sanitation assets (Spent)	% of maintenance budget of sanitation spent	95%	New PI	New PI	95%	91%	Actual is in the (10%) range between 90% and 110% which is considered as the norm.	No corrective measure required
Development and implementation of a public transport system	% implementation of the public transport system/ No of projects	0	New PI	New PI	0%	0%	n/a	n/a

KPI	Unit of Measurement	Base-line	Actual performance 2009/10		Actual performance 2010/11		Performance Comment	Corrective measures
			Target	Actual	Target	Actual		
Km of new road for previously un-serviced areas	No of kilometres	0.8km	New PI	New PI	0	0	Budget transferred to Resealing Programme	n/a
Effective capital spending	% spent of approved municipal roads capital projects	95%	100%	110%	100%	85%	Budget utilised to attend to emergency work (Casual appointment)	Improve planning future years
Maintenance of municipal roads	Kilometres of roads patched and resealed according to approved maintenance plan	.8 Kilometres	New PI	New PI	0.8	1.2	Additional budget	n/a
Maintenance of municipal roads (Spent)	% of maintenance budget of municipal roads spent under director's control	95%	New PI	New PI	95%	100%	Actual is in the (10%) range between 90% and 110% which is considered as the norm.	n/a
Quality of water purified	Number of Water purification tests that meet required bacteriological standards for potable water, divided by total water purification test carried out :Overall	90%	82%	92%	90%	92%	Actual is in the (10%) range between 90% and 110% which is considered as the norm.	n/a
New water connections	No of new water connections	100	New PI	New PI	100	62	Statistical PI, needed for reporting purposes only (above or below target not a failure)	No corrective measure required
Percentage of water losses	Total MI of water distributed divided (WD) by the total MI of water purified (WP) on a 12 month moving average basis. 1- (WD/WP) - Overall	27%	27%	26%	27%	18%	Improved operational performance	n/a
Excellent water quality	% water quality level as per blue drop project	82%	New PI	New PI	82%	75%	Staff requirement issues. Challenges regarding Sedgfield WWTW	To be prioritised for design in 2012/13
Effective capital spending	% spent of approved water capital projects	95%	100%	95%	95%	116%	Improved service delivery	n/a
Maintenance of water assets	% of approved maintenance plan executed	95%	New PI	New PI	95%	95%	Actual is in the (10%) range between 49% and 59% which is considered as the norm.	n/a
Maintenance of water assets	% of maintenance budget of water spent	95%	New PI	New PI	95%	138%	?Improved operational performance	n/a
Improvement of electricity distribution capacity	% improvement	no info	New PI	New PI	0	0	n/a	n/a
New electricity connections	The total number of new formal household electricity connections completed - Number	100	1000	256	100	375	Statistical PI, needed for reporting purposes only (above or below target not a failure)	n/a

KPI	Unit of Measurement	Base-line	Actual performance 2009/10		Actual performance 2010/11		Performance Comment	Corrective measures
			Target	Actual	Target	Actual		
Percentage of households with access to basic level of electricity	The total number of formal households with on-site electricity facilities divided by the total number of households known to the Municipality	98%	98%	98%	98%	98%	n/a	n/a
Percentage of HH that meet agreed service standards (connected to the national grid) - Informal areas	% of HH achieving agreed service standards/ No of HH	100%	100%	100%	100%	100%	n/a	n/a
Percentage of electricity losses	Total amount of electricity purchased divided by the total amount of electricity sold	7.6%	7.6%	7.3%	7.6%	6.9%	Units purchased (Mwh) 190 754 083 - Units lost during distribution (Mwh) 13 104 662	n/a
Effective capital spending	% spent of approved electricity capital projects	95%	100%	90%	95%	100%	Capital budget fully utilised	n/a
Maintenance of electricity assets	% of approved maintenance schedule executed	95%	New PI	New PI	95%	92%	Actual is in the (10%) range between 90% and 110% which is considered as the norm.	No corrective measure required
Maintenance of electricity assets	% of maintenance budget of electricity spent	95%	New PI	New PI	95%	92%	Actual is in the (10%) range between 90% and 110% which is considered as the norm.	No corrective measure required
Percentage/ No of HH with no street lights	No of HH without	no info	New PI	New PI	0%	10%	10% is estimation only, information currently not available No funding available for high mast lighting.	Will need to form part of the Annual MIG allocation

Chapter 4 - Table6: Top Level SDBIP – Basic Service Delivery

### 4.3 SERVICE DELIVERY PRIORITIES (TOP LEVEL SDBIP) 2011/12

In terms of section 46(1)(ii) of the MSA no 32 of 2000 the main development and service delivery priorities (Top Level SDBIP) for 2011/12 and approved by Council are indicated in the table below:

Municipal KPA	KPI	Unit of Measurement	Annual Target
Good Governance and Public Participation	The number of people from employment equity target groups employed in the three highest levels of management in funded vacancies for 2011/12 in compliance with the municipality's approved employment equity plan	% of people employed	80%
Good Governance and Public Participation	Annual report and oversight report of council submitted before the end of January for consideration	Report submitted to Council	1
Good Governance and Public Participation	Institutional Performance management system in place and implemented up to level 4 (TASK 17-14)	Number of performance agreements signed	25
Good Governance and Public Participation	Effective and up to date By-laws	No of By-laws revised annually	1

Municipal KPA	KPI	Unit of Measurement	Annual Target
Good Governance and Public Participation	Number of findings in the audit report on non-compliance with laws and regulations affecting the audit opinion	0 findings in the audit report on non-compliance	0
Good Governance and Public Participation	Effective functioning of council measured in terms of the number of council meetings per annum	No of council meetings per annum	4
Good Governance and Public Participation	Effective functioning of the committee system measured by the number of committee meetings per committee per quarter	No of sec 80 committee meetings per annum	16
Good Governance and Public Participation	Facilitate effective functioning of ward committees to ensure consistent and regular communication with residents	No of ward committee meetings per annum	40
Good Governance and Public Participation	Integrated development planning measured by the alignment of the municipal spending with IDP	The percentage of a municipality's capital budget spent on capital projects identified in the IDP	100%
Good Governance and Public Participation	No of Section 57 performance agreements signed by the end of July	No of performance agreements signed	6
Good Governance and Public Participation	Functional performance audit committee measured by the number of meetings per annum	No of meetings held	4
Good Governance and Public Participation	The Top Layer SDBIP is approved by the Mayor within 28 days after the Main Budget has been approved	Top Layer SDBIP approved within 28 days after the Main Budget has been approved	100%
Good Governance and Public Participation	Initiatives in the anti-corruption policy is successfully implemented	No of initiatives implemented in terms of the approved strategy	2
Good Governance and Public Participation	Risk based audit plan approved by the end of September	Plan approved	100%
Good Governance and Public Participation	The adjustment budget is submitted to Council by the end of February	Adjustments Budget submitted by the end of February	100%
Good Governance and Public Participation	The main budget is submitted to Council by the end of March	Budget submitted by the end of March	100%
Good Governance and Public Participation	The municipality listens and talks back to its people by ensuring that the IDP is inclusive of ward based priorities and is endorsed by community organisations and stakeholders as local social compacts	IDP Forum approval of the IDP	100%
Good Governance and Public Participation	New 5 year IDP developed and submitted by the end of March	% completion by the end of March	100%
Good Governance and Public Participation	The IDP is comprehensive and complies with the requirements of the Systems Act measured by the number of sectoral plans included	No of required sectoral plans included in the IDP	8
Municipal Transformation and Institutional Development	Targeted skills development measured by the R-value spent of the available budget for implementation of the workplace skills plan	R-value spent on the available skills development budget	R 676,720
Municipal Transformation and Institutional Development	Perform a needs analysis per directorate to determine their requirements prior to the implementation of the Complaints module of Collaborator	Number of analysis completed per directorate	6
Municipal Transformation and Institutional Development	Effective labour relations by facilitating regular LLF meetings per annum	No of meetings of the LLF per annum	4
Municipal Transformation and Institutional Development	Revise identified HR policies by the end of June to ensure compliant and up to date HR policies	No of policies revised	4



Municipal KPA	KPI	Unit of Measurement	Annual Target
Municipal Transformation and Institutional Development	Creation of an effective institution with sustainable capacity measured by the % vacancy level as % of approved funded organogram	% Vacancy level	10%
Municipal Transformation and Institutional Development	Implement the complaints module of Collaborator in all directorates to ensure appropriate documentation of all complaints received	Number of directorates utilising the module before the end of June	6
Municipal Transformation and Institutional Development	Implementation of skills development plan with targeted skills development	No of personnel actually trained/ No of personnel identified for training (%)	75%
Municipal Financial Viability and Management	No of findings of issues raised by AG in AG report of the previous financial year addressed to promote a clean audit	No of findings addressed	130
Municipal Financial Viability and Management	Improvement in capital conditional grant spending measured by the % spent	% of the grant spent	100%
Municipal Financial Viability and Management	Improvement in operational conditional grant spending measured by the % spent	% of the grant spent	100%
Municipal Financial Viability and Management	Financial viability measured in terms of the available cash to cover fixed operating expenditure	Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure	0.5
Municipal Financial Viability and Management	Financial viability measured in terms of the municipality's ability to meet its service debt obligations	Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)	11.1
Municipal Financial Viability and Management	Financial viability measured in terms of the outstanding service debtors	Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	18.30%
Municipal Financial Viability and Management	Improved revenue collection measured by the % debt recovery rate	% Debt recovery rate	97.20%
Municipal Financial Viability and Management	Completion of financial statements and formal submission to the Auditor General by 31 August	Approved financial statements submitted	100%
Municipal Financial Viability and Management	Compliance with the SCM Act measured by the limitation of successful appeals against the municipality	0 successful appeals	0
Municipal Financial Viability and Management	Compliance with GRAP 16, 17 & 102 to ensure effective asset management	0 findings in the audit report on non-compliance	0
Local Economic Development	The number of SMME's employed through municipality's local economic development initiatives including capital projects	Number of SMME's employed	10
Local Economic Development	No of initiatives implemented in terms of the approved LED strategy	No of initiatives	2
Basic Service Delivery	Provision of refuse removal, refuse dumps and solid waste disposal to all formal areas	No of formal HH for which refuse is removed at least once a week	13,300
Basic Service Delivery	Maintenance of halls and facilities	No of halls and facilities projects (kitchens) executed	6
Basic Service Delivery	Maintenance of halls and facilities measured by the % of budget spent	% of maintenance budget of halls and facilities spent	100%
Basic Service Delivery	Develop maintenance plan for recreational areas by December to ensure that recreational areas are maintained	Plan developed by December	1
Basic Service Delivery	Graveyards is maintained measured by the % of the maintenance budget spent	% of budget spent	100%
Basic Service Delivery	Recreational areas is maintained measured by the % of the maintenance budget spent	% of budget spent	100%
Basic Service Delivery	Review the Council waste minimisation strategy	Strategy reviewed	1



Municipal KPA	KPI	Unit of Measurement	Annual Target
Basic Service Delivery	Disaster Management Plan reviewed up to level 3 (risk reduction plan) by the end of December	Plan reviewed	1
Basic Service Delivery	Develop a law enforcement strategy by end December to focus on residential areas	Strategy developed	1
Basic Service Delivery	Enforcement of the road traffic act by implementing initiatives of the law enforcement strategy	Number of initiatives implemented	6
Basic Service Delivery	Establish a law enforcement unit by end of December	Unit established	1
Basic Service Delivery	Provision of sport facilities	No of sport facilities upgraded	2
Basic Service Delivery	Apply for ROD (Record of decision) by end of June (2 builders sites and 2 garden waste sites) to develop new builders and garden waste sites	Number of applications for ROD by end of June	2
Basic Service Delivery	Effective waste management capital spending measured by the % of budget spent	% spent of approved waste management capital projects	100%
Basic Service Delivery	Maintenance of refuse removal assets measured by the % of budget spent	% of the maintenance budget spent	100%
Basic Service Delivery	Development of a library outreach strategy to rural areas by the end of December	Strategy developed	1
Basic Service Delivery	Implement 2 initiatives of the library outreach strategy within the rural areas by end June	Number of initiatives implemented	2
Basic Service Delivery	Provision of electricity that are connected to the national grid to all formal areas	No of formal areas that meet agreed service standards	16,600
Basic Service Delivery	Effective electricity capital spending measured by the % of budget spent	% spent of approved electricity capital projects	95%
Basic Service Delivery	Effective management of electricity provisioning systems by limiting unaccounted for electricity	% of electricity unaccounted for	12%
Basic Service Delivery	Electricity assets is maintained in terms of the maintenance budget spent	% of maintenance budget of electricity spent	100%
Basic Service Delivery	Improvement of electricity distribution capacity in Sedgefield (10 mVA 66/11 kv transformer) and Knysna by the end of June 2012	No of projects completed	2
Basic Service Delivery	Number of projects executed in terms of the Infrastructure Enhancement Plan within budget constraints	No of projects executed	2
Basic Service Delivery	Provide electrical infrastructure to new housing developments for electricity reticulation	No of new electricity connections provided	177
Basic Service Delivery	Provision of free basic electricity in terms of the equitable share requirements	No of HH receiving free basic electricity	7,470
Basic Service Delivery	Provision of free basic electricity in terms of the equitable share requirements	Quantum of free basic electricity per household	50
Basic Service Delivery	Provision of free basic refuse removal in terms of the equitable share requirements	No of HH receiving free basic refuse removal	1,697
Basic Service Delivery	Provision of free basic refuse removal in terms of the equitable share requirements	R-value of free basic refuse removal per month per household	R 677
Basic Service Delivery	Provision of free basic sanitation in terms of the equitable share requirements	No of HH receiving free basic sanitation	1,697
Basic Service Delivery	Provision of free basic sanitation in terms of the equitable share requirements	R-value of free basic sanitation provided per HH	R 645
Basic Service Delivery	Provision of free basic water in terms of the equitable share requirements	No of HH receiving free basic water	4,740
Basic Service Delivery	Quantum of free basic water per household in terms of the equitable share requirements	Quantum of free basic water provided per household	6
Basic Service Delivery	Formalisation of informal settlements with land use plans for the provision of permanent basic services	Number of settlements	0
Basic Service Delivery	Implementation of Integrated Human Settlement Strategy measured by the number of initiatives implemented which comply with the approved strategy by the end of June	Number of initiatives	2
Basic Service Delivery	Provision of sanitation systems limited to domestic waste water and sewerage disposal to formal HH	No of formal HH that have at least VIP on site	0
Basic Service Delivery	Provision of sanitation systems limited to domestic waste water and sewerage disposal to informal HH	No of informal HH that have at least VIP on site	300
Basic Service Delivery	Provision of stormwater management systems in built up areas to all informal HH	No of HH with	300

Municipal KPA	KPI	Unit of Measurement	Annual Target
Basic Service Delivery	Provision of cleaned piped water to all formal HH within 200m from the household	No of formal HH that meet agreed service standards for piped water	13,300
Basic Service Delivery	Effective municipal roads capital spending measured by the % of budget spent	% spent of approved roads capital projects	100%
Basic Service Delivery	Maintenance of municipal roads measured in terms of the % of the maintenance budget spent	% of budget spent	100%
Basic Service Delivery	Municipal roads are maintained measured by the kilometres of roads resealed according to approved maintenance plan	Kms of roads resealed	1.5
Basic Service Delivery	Municipal roads is maintained measured by the square metres of roads patched according to approved maintenance plan	Square metres of roads patched	5,500
Basic Service Delivery	Revision of maintenance plan for municipal roads by July	Plan revised	100%
Basic Service Delivery	Development of maintenance plan for sanitation systems by end July	Plan developed by end July	100%
Basic Service Delivery	Maintenance of sanitation assets measured by the % of the maintenance budget spent	% of the maintenance budget spent	100%
Basic Service Delivery	Sanitation assets is maintained in terms of the maintenance budget spent	% of maintenance budget of sanitation spent	100%
Basic Service Delivery	Upgrade the Knysna waste water treatment works (phase 2) by the end of June	% completion of the project	100%
Basic Service Delivery	Development of a Stormwater Master Plan by the end of June	Plan developed by end June	100%
Basic Service Delivery	Effective stormwater capital spending measured by the % of budget spent	% spent of approved stormwater capital projects	100%
Basic Service Delivery	Stormwater assets is maintained in terms of the maintenance budget spent	% of maintenance budget of stormwater spent	100%
Basic Service Delivery	Quality of waste water discharge measured by the % water quality level in terms of SANS 241	% water quality level of waste water discharge	50%
Basic Service Delivery	Effective management of water provisioning systems to limit unaccounted water	% of water unaccounted for	25%
Basic Service Delivery	Effective water capital spending measured by the % of budget spent	% spent of approved water capital projects	100%
Basic Service Delivery	Revision of the maintenance plan for water assets by the end of July to maintain water assets	Revision of the plan by July	100%
Basic Service Delivery	Water assets are maintained in terms of the maintenance budget spent	% of maintenance budget of water spent	100%
Basic Service Delivery	Development of a Water Demand Management plan by the end of June	Plan developed by the end of June	100%
Basic Service Delivery	Excellent water quality measured by the quality of water as per blue drop or SANS 241 criteria	% water quality level	0%
Basic Service Delivery	No of blue drop awards achieved	Number of awards	1
Basic Service Delivery	Revise the Water Service Development Plan annually by the end of October	Plan revised and approved by Council	100%

Chapter 4 - Table7:Development and Service Delivery Priorities for 2011/12

#### 4.4 BASIC SERVICE DELIVERY

##### 4.4.1 ACCESS TO FREE BASIC SERVICES

By utilising the household figure of 19,684 contained in the 2011/12 IDP for 2009 and increasing it by the estimated growth percentage as per chapter one an estimated household figure of 20,499 for 2009/10 and 21,348 for 2010/11 is determined.

The table below indicates that 32.8% of the total number of households received free basic electricity while 7.2% received free basic services for the past financial year:

Financial year	Number of households								
	Total no of HH	Free Basic Electricity		Free Basic Water		Free Basic Sanitation		Free Basic Refuse Removal	
		No Access	%	No Access	%	No Access	%	No Access	%
2009/10	20,499	6,548	31.9%	1,755	8.6%	1,755	8.6%	1,755	8.6%
2010/11	21,348	7,002	32.8%	1,544	7.2%	1,544	7.2%	1,544	7.2%

Chapter 4 - Table8: Free basic services to indigent households

The access to free basic services is summarised into the different services as specified in the following table:

Electricity							
Financial year	Cost per Unit	Indigent Households			Households on Financial System		
		No of HH	Unit per HH (kwh)	Value	No of HH	Unit per HH (kwh)	Value
				R'000			R'000
2009/10	R0.55	6,548	50	2,161	0*	0	0
2010/11	R0.78	7,002	50	3,277	0*	0	0

Chapter 4 - Table9: Free basic Electricity services to households

Water							
Financial year	Cost per Kl	Indigent Households			Households on Financial System		
		No of HH	Unit per HH (kl)	Value	No of HH	Unit per HH (kl)	Value
				R'000			R'000
2009/10	13.25	1,755	6	1,674	10,052	6	9,590
2010/11	14.73	1,544	6	1,638	10,396	6	11,026

Chapter 4 - Table10: Free basic Water services to households

Sanitation						
Financial year	Indigent Households			Households on Financial System		
	No of HH	R value per HH pm	Value	No of HH	Unit per HH per month	Value
			R'000			R'000
2009/10	1,755	48.33	1,018	0*	0	0
2010/11	1,544	51.92	962	0*	0	0

Chapter 4 - Table11: Free basic Sanitation services to households

Refuse Removal						
Financial year	Indigent Households			Households on Financial System		
	No of HH	Service per HH per week	Value	No of HH	Unit per HH per month	Value
			R'000			R'000
2009/10	1,755	50.00	1,053	0*	0	0
2010/11	1,544	53.75	996	0*	0	0

Chapter 4 - Table12: Free basic Refuse Removal services to households per type of service

\* Only indigent households receive free basic electricity, sewerage and refuse services.

#### 4.4.2 ACCESS TO BASIC LEVEL OF SERVICES

The following table indicates the number of households that **gained access for the first time** to the different types of basic services during the 2010/11 financial year:

Type of service	2007/08	2008/09	2009/10	2010/11
Housing	436	248	540	420
Water	661	248	540	420
Sanitation	661	248	540	420
Refuse removal	436	663	774	386
Electricity	796	376	349	456
Streets & Storm Water	210	248	540	420

Chapter 4 - Table13: Access to basic level of services

#### A) CAPITAL BUDGET SPENT ON MUNICIPAL SERVICES

The percentage (%) of the total approved capital budget spent on each municipal service respectively for the 2008/09, 2009/10 and 2010/11 financial years respectively are as follows:

Financial Year	Housing	Water	Sanitation	Refuse Removal	Electricity	Streets & Storm Water	Community facilities	Other
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
2008/09	86.94	86.49	92.10	90.73	70.59	103.12	59.16	78.26
2009/10	58.54	94.59	856.31	109.05	90.28	109.57	38.38	101.27
2010/11	Awaiting the AFS							

Chapter 4 - Table14: Capex

The following table indicates the total amount of capital expenditure on assets by asset class for the past three financial years:

Description	2007/08	2008/09	2009/10	2010/11		
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<b>Capital expenditure on new assets by Asset Class/Sub-class (R'000)</b>						
<b><u>Infrastructure</u></b>	<b>25,745</b>	<b>20,831</b>	<b>58,095</b>	<b>24,536</b>	<b>23,532</b>	<b>Awaiting the AFS</b>
Infrastructure - Road transport	0	0	144	700	1,050	
Roads, Pavements & Bridges	0	0	144	700	1,050	204
Infrastructure - Electricity	15,810	3,671	4,182	1,824	3,157	6,141
Transmission & Reticulation	15,810	3,492	2,267	1,824	2,548	5,375
Street Lighting	0	178	1,915	0	609	766
Infrastructure - Water	4,608	11,380	49,103	19,746	17,852	25,304
Dams & Reservoirs	0	0	0	0	0	0
Water purification	3,198	10,287	44,442	16,701	13,641	18,892
Reticulation	1,411	1,093	4,661	3,045	4,211	6,412
Infrastructure - Sanitation	4,024	2,165	360	0	0	7,705
Reticulation	3,977	2,165	360	0	0	22
Sewerage purification	47	0	0	0	0	7,683
Infrastructure - Other	1,303	3,615	4,306	2,266	1,473	1,252
Waste Management	0	492	698	600	0	0
Transportation	1,303	3,124	3,608	1,666	1,473	1,252
Other	0	0	0	0	0	0
<b><u>Community</u></b>	<b>28,415</b>	<b>20,533</b>	<b>4,932</b>	<b>21,650</b>	<b>9,858</b>	
Parks & gardens	0	0	0	0	0	0
Sportsfields & stadia	0	0	3,079	0	4	0
Community halls	0	0	0	0	0	0
Recreational facilities	0	0	0	0	0	0
Fire, safety & emergency	0	174	34	0	0	0
Social rental housing	28,004	18,730	1,818	11,124	5,468	3,087
Other	411	1,596	0	10,526	4,386	1,399
<b><u>Heritage assets</u></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Description	2007/08	2008/09	2009/10	2010/11		
	Actual	Actual	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<b><u>Investment properties</u></b>	0	0	0	0	0	
<b><u>Other assets</u></b>	<b>1,753</b>	<b>3,772</b>	<b>2,029</b>	<b>582</b>	<b>884</b>	<b>9,150</b>
General vehicles	0	341	0	0	0	2,390
Specialised vehicles	0	2,705	0	0	0	0
Plant & equipment	431	298	0	0	19	1,184
Computers - hardware/equipment	326	169	109	285	335	3,124
Furniture and other office equipment	659	208	1,481	97	270	1,244
Civic Land and Buildings	280	0	0	200	160	1,208
Other Buildings	56	52	739	0	100	0
Other	0	0	0	0	0	0
<b><u>Agricultural assets</u></b>	0	0	0	0	0	
<b><u>Biological assets</u></b>	0	0	0	0	0	
<b><u>Intangibles</u></b>	0	14	0	0	0	
<b>Total Capital Expenditure on new assets</b>	<b>55,913</b>	<b>45,151</b>	<b>65,056</b>	<b>46,768</b>	<b>34,273</b>	

Chapter 4 - Table15: Total capital expenditure on assets

## B) PERCENTAGE SPENDING ON TOTAL CAPITAL BUDGET

The total percentage (%) of the capital budget for the past three years is indicated in the table below:

Financial year	% of Capital budget spent	% of Capital budget Under spent	Reasons for under spending
2007/08	68.34	31.66	<ul style="list-style-type: none"> <li>As a result of Councils decision to suspend the Sedgefield Waterworks program due to insufficient grant funding</li> </ul>
2008/09	87.69	12.31	<ul style="list-style-type: none"> <li>Executive and Council All projects completed, Budget saving (R 5,766)</li> <li>Strategic Services - National Lottery projects still in progress (R 591,784)</li> <li>Financial Services - All projects completed, budget saving (R 59,010)</li> <li>Community Services - Establishment of new cemetery and ablution facilities not realised R 4 million</li> <li>Electrical Services- Densification, Nelson street substation and Eastford substation upgrade continued into 2009/2010 R 3,2 million</li> </ul>
2009/10	89.85	10.15	<ul style="list-style-type: none"> <li>Strategic Services: World Cup 2010 of R 3,7 million; and Neighbourhood Development Partnership Grant (NDPG) of R 4 million not completed.</li> <li>Planning and Development: Integrated Housing and Human Settlements\Projects of R 3,2 million in progress.</li> <li>Electrical Services: 20/25MVA Intake Transformer project of R 1,5 million in progress.</li> </ul>
2010/11	92.48	7.52	<ul style="list-style-type: none"> <li>Planning and Development: Hornlee Taxi Rank Construction (NDPG) R 2,6</li> <li>Housing: Knysna Vision 2002 (IHHS) (Infrastructure) R 2,4 million</li> <li>Water Purification Works: Re-Use at Knysna WWTW (DMG) R 1.9 million</li> <li>Electricity, Sewerage and Water: Asset replacements and refurbishment R 1. 2 million (R 0.35 [Electricity] R 0.44 [Sewerage] R 0.44 [Water])</li> </ul>

Chapter 4 - Table16: Total capital expenditure

## 4.4.3 HOUSING

The following table shows the increase in the number of people on the housing waiting list. There are currently approximately 10,550 housing units on the waiting list.

Housing waiting list	Nr of people on Housing waiting list	% Housing waiting list increase/decrease
2007/08	7,150	9.6%
2008/09	8,230	11.5%
2009/10	9,840	16.3%

Housing waiting list	Nr of people on Housing waiting list	% Housing waiting list increase/decrease
2010/11	10,550	6.7%

*Chapter 4 - Table17: Housing waiting list*

A total amount of R 52 million was allocated to build houses during the financial year under review. A summary of houses built, includes:

Financial year	Allocation (R'000)	Amount spent (R'000)	% spent	Number of houses built	Number of sites serviced
2007/08	14,819,249	41,552,169	280%	210	459
2008/09	25,576,251	38,109,082	147%	369	476
2009/10	31,997,000	37,158,734	116%	541	356
2010/11	52,000,000	52,000,000	100%	420	320

*Chapter 4 - Table18: Housing*

#### 4.5 MUNICIPAL INFRASTRUCTURE AND OTHER GRANTS

The Municipality had a total budgeted amount of R 74,771 for infrastructure and other capital projects available that was received in the form of grants from the National and Provincial Governments, Eden District as well as French Government and LOTTO during the 2010/11 financial year. The performance in the spending of these grants is summarised as follows:

Description	Operating Expenditure		Capital Expenditure		Total Budget	Total Actual	% Spent
	Budget	Actual	Budget	Actual			
Executive & Council							
Grant - W C P A	132	38	-	-	132	38	29%
Program Office Furniture	-	-	16	4	16	4	22%
Subtotal	132	38	16	4	148	41	28%
Corporate							
Grant - Other		76	-	-		76	0%
Grant - W C P A	64	26	-	-	64	26	41%
Grant - W C P A (Other)	40	40	-	-	40	40	100%
Program Office Furniture	-	-	25	15	25	15	59%
Subtotal	104	142	25	15	129	157	122%
Finance							
Grant - National Government	1,558	1,658	-	-	1,558	1,658	106%
Program Computer Equipment	-	-	39	38	39	38	99%



Description	Operating Expenditure		Capital Expenditure		Total Budget	Total Actual	% Spent
	Budget	Actual	Budget	Actual			
<b>Subtotal</b>	<b>1,558</b>	<b>1,658</b>	<b>39</b>	<b>38</b>	<b>1,597</b>	<b>1,696</b>	<b>106%</b>
<b>Planning and development</b>							
Electrification Connections (INEP)	-	-	361	387	361	387	107%
Electrification Ethembeni	-	-	-	77	-	77	0%
Electrification Hlalani (INEP)	-	-	913	862	913	862	94%
Flenters land rehabilitation (retaining walls)	-	-	468	471	468	471	101%
Grant - Eden District	90	90	-	-	90	90	100%
Grant - WCPA	36,527	34,509	-	-	36,527	34,509	94%
Grant - WCPA (Other)	71	52	-	-	71	52	73%
Knysna Vision 2002 (Infrastructure)	-	-	5,000	2,616	5,000	2,616	52%
NDPG:Hornlee Taxi Rank	-	-	4,386	1,399	4,386	1,399	32%
<b>Subtotal</b>	<b>36,688</b>	<b>34,651</b>	<b>11,128</b>	<b>5,813</b>	<b>47,816</b>	<b>40,464</b>	<b>85%</b>
<b>Community</b>							
Dam-se-Bos(FRENCH)	-	-	465	-	465	-	0%
Dam-se-Bos(LOTTO)	-	-	234	-	234	-	0%
Grant - Umsobomvu Youth Fund	85	85	-	-	85	85	101%
Grant - WCPA	829	793	-	-	829	793	96%
<b>Subtotal</b>	<b>914</b>	<b>878</b>	<b>699</b>	<b>-</b>	<b>1,613</b>	<b>878</b>	<b>54%</b>
<b>Electricity</b>							
Concordia High Masts NHA	-	-	-	420	-	420	0%
Karatara Prepaid Meters EDEN	-	-	200	200	200	200	100%
MIG163869 New Street Lighting	-	-	209	-	209	-	0%
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>409</b>	<b>620</b>	<b>409</b>	<b>620</b>	<b>152%</b>
<b>Technical</b>							
Emergency Boreholes Knysna (DMG)	-	-	1,754	5,182	1,754	5,182	295%
Grant - National Government	614	515	-	-	614	515	84%
Grant - National Masibambane	276	-	-	-	276	-	0%
Grant - WCPA	26	-	-	-	26	-	0%
MIG0304 Rheenendal WTW	-	-	270	146	270	146	54%
MIG0607 LI Side Walks Knysna	-	-	494	888	494	888	180%
MIG161601 N&NE Bulk Water	-	-	3,509	4,348	3,509	4,348	124%
MIG164160 LI Side WalksRheenendal	-	-	459	210	459	210	46%
MIG164160 LI Side Walks Sedgefield and Karatara	-	-	459	139	459	139	30%
MIG178845 ExtensionKnysna WWTW	-	-	6,487	6,645	6,487	6,645	102%
MIG182911 Bosdorp Water Reticulation	-	-	702	1,328	702	1,328	189%

Description	Operating Expenditure		Capital Expenditure		Total Budget	Total Actual	% Spent
	Budget	Actual	Budget	Actual			
MIG183065 Eastford Pumping Scheme	-	-	1,309	3,924	1,309	3,924	300%
MIG183291 Sedge New Bulk Water	-	-	111		111		0%
MIG195773 Karatara River Weir	-	-	-	180	-	180	0%
MIG196404 Raise Akkerkloofdam Wall	-	-	-	7	-	7	0%
MIG3111 Extend KnysnaWWTW	-	-	738		738		0%
Re-Use at Knysna WWTW (DMG)	-	-	9,286	7,403	9,286	7,403	80%
<b>Subtotal</b>	<b>916</b>	<b>515</b>	<b>25,578</b>	<b>30,399</b>	<b>26,494</b>	<b>30,914</b>	<b>117%</b>
<b>Grand Total</b>	<b>40,312</b>	<b>37,883</b>	<b>37,894</b>	<b>36,888</b>	<b>78,206</b>	<b>74,771</b>	<b>96%</b>

Chapter 4 - Table19: Spending of grants

#### 4.6 ADDITIONAL PERFORMANCE

The table below enclose additional performance of the municipality:

Type of service	2008/09	2009/10	2010/11
<b>General Law enforcement</b>			
Animals impounded	102	47	29
Motor vehicle licenses processed	26,992	27,235	27,400
Learner driver licenses processed	5,494	4,001	5,234
Driver licenses processed	2,068	2,460	3,193
Driver licenses issued	4,864	6,215	6,721
Fines issued for traffic offenses	28,774	13,080	23,171
R-value of fines collected	2,145,415	852,755	1,356,730
Operational call-outs	358	567	350
Complaints attended to by Traffic Officers	1,568	1,542	2,130
Special Functions – Escorts	81 (Funerals)	73 (Funerals)	61 (Funerals)
<b>Fire Services</b>			
Operational call-outs	1,072	1,198	823
Reservists and volunteers trained	0	0	16
Awareness initiatives on fire safety	47	47	51
Additional Medical Scenes	47	77	341
<b>Town Planning and Building Control</b>			
Building plans application processed	794	664	781
Total surface (m <sup>2</sup> )	81,896 m <sup>2</sup>	30,264 m <sup>2</sup>	127,659 m <sup>2</sup>

Type of service	2008/09	2009/10	2010/11
Approximate value	R450,433,500	R196,716,000	R957,442,500
New residential dwellings	281	192	215
Residential extensions	322	250	412
New Business buildings	33	41	29
Business extensions	96	24	43
Rural applications	51	43	48
Land use applications processed	108	150	145
Libraries			
Library members			30,173
Books circulated			423,332
Exhibitions held			36
Internet users			7,941
New library service points or Wheelie Wagons			Opening hrs extended from 4 to 8 @ Smutsville
Children programmes			40
Visits by school groups			180
Book group meetings for adults			24
Primary and Secondary Book Education sessions			160
Social Services			
Trees planted			75
2010/11			
Youngsters educated and empowered	Total of 73 young people have been have been educated and empowered (basic computer literacy training, poverty eradication programme, home based care training and driver license learnerships programme)  A number of young people also received training from STATSSA - Census 2011, we recruited about 350 young people for STATSSA		
Initiatives to increase awareness on women	We also participated in the 16 Day against women and child abuse held by the SAPS		
Initiatives to increase awareness on HIV/AIDS	A major event was held in partnership with Lovelife in the build-up World Aids Day)		
Initiatives to increase awareness on substance abuse and high drug and alcohol related crimes	A substance abuse campaign held in partnership with KDAC		
Special events hosted (World's Aids Day, World Arbour day, World Disability Day, Youth Day, 16 Days of activism against women abuse)	1 Celebration held (Heritage Day)		
Local economic development initiatives			
Small businesses assisted			8
SMME's trained			42

Type of service	2008/09	2009/10	2010/11
Community members trained for tourism			5
Local artisans and crafters assisted			31
Recycling awareness programmes			1

*Chapter 4 - Table20: Additional Performance*

## 4.7 LED

### 4.7.1 HIGHLIGHTS: LED

The following performance highlights with regard to the implementation of the LED strategy are:

Highlights	Description
Finalisation of Hornlee Taxi Holding Facility	Building of a Taxi Facility to accommodate taxis currently parking on private property within Hornlee.
Funding Grant for Rheenendal Prospects Agric Co-op	Co-op received a grant of R803 429 from NDA to grow the vermin-culture project
Facilitate opportunities to entrepreneurs in business	Provided new entrepreneurs with equipment to grow their businesses and create job opportunities
Develop proposals for economic opportunities	Developed proposals for job and business opportunities that will alleviate poverty

*Chapter 4 - Table21: LED Highlights*

### 4.7.2 CHALLENGES: LED

The following challenges with regard to the implementation of the LED strategy are:

Description	Actions to address
Shortage of personnel within LED department	Appointment of a LED Manager and a LED officer allowing concentrated effort for implementation
Lack of buy-in from private sector	Have regular meetings with representation of private business, i.e. Knysna Chamber of Business and other non-registered business people.
Directorate and departmental isolation with an LED only perception	Revitalisation of LED forum to enhance bonding amongst departments
Insufficient funding	Municipal funding is not efficient enough but with more applications for funding from external sources will enhance roll-out of projects.

*Chapter 4 - Table22: Challenges LED*

### 4.7.3 LED STRATEGY.

Strategic areas	Description
Conducive environment	Knysna Municipality has a mandate to create an enabling environment for local economic development through activities such as town planning, procurement, etc. that will attract investment to the town.
Broadening the economic base	Knysna's economy focus on the service sector which will ultimately lead to the expansion of business and retail opportunities.
Increased accessibility	Ensuring that all inhabitants of the Greater Knysna will be benefiting from better access and improved services.
Infrastructure investment	Knysna's infrastructure needs s to have sufficient carrying capacity that will meet the needs of the inhabitants. These investments will promote LED overall.
Wealth creation	Knysna's economy can only grow if more businesses and investment is introduced into the area. Opportunities would be created relating to specifically identified leading sectors with viable opportunities for SMME's.
Attracting visitors and investors	Knysna is a town that primarily depends on tourism and the promotion thereof. This industry needs investment and further development to ensure continuous growth.

*Chapter 4 - Table23: LED Strategic areas*

The progress with regard to the implementation of the LED strategy can be summarized as follows:

The LED strategy identifies various issues and strategic areas for intervention such as:

Objectives	Strategies
Increase accessibility	Upgrading of libraries for better communication
Infrastructure investment	Heidevallei affordable housing project
Wealth creation	Short stay accommodation
Broadening economic base	Local business Incubator
Attracting investment and visitors	Pedestrian pathways to promote non-motorised transport
Conducive LED environment	Green business hub / Garden refuse recycle project

*Chapter 4 - Table24: LED Objectives and Strategies*

### 4.7.4 LED INITIATIVES

Description of project	No of Jobs created	Total Investment	Amount spent to date	Performance Highlights
Rheenendal Prospects Agric Co-op	16	KM: R50 000 NDA: R803 429	R50 000 R67 000	Establishment of a Co-operative that employed 10 unemployed people
Incubator	16	R500 000	R398 000	8 Businesses established giving employment to 16 unemployed

Description of project	No of Jobs created	Total Investment	Amount spent to date	Performance Highlights
Small Contractor Development	50	Eden DM	n/a	10 Contractors accommodated in housing and provided jobs to

*Chapter 4 - Table25: LED initiatives*

## 4.8 ENVIRONMENTAL MANAGEMENT

### 4.8.1 ENVIRONMENTAL MANAGEMENT STRATEGY

Strategic areas	Description
Environmental Education	Awareness campaigns on specific environmental issues
Impact Assessments	Environmental Impact Assessment applications
Water Quality Monitoring	Monthly sampling of storm water drains and streams entering the lagoon
Environmental Law Enforcement	General environmental law enforcement in terms of specific legislation
Environmental Control and Management	Approval of excavations and land clearing permits
By-Laws and Policy Development	Development of environmental policies and by-laws

*Chapter 4 - Table26: Environmental Management Strategic areas*

The LED strategy identifies various issues and strategic areas for intervention such as:

Objectives	Strategies
A clean and healthy environment	Educational campaigns
Sustainable use of natural resources	Educational campaigns
Create effective by-laws	Develop by-laws
Conform to environmental legislation	Monitoring of all activities
Have clear and effective operational systems in place	Develop internal management systems

*Chapter 4 - Table27: Environmental Management Objectives and Strategies*

### 4.8.2 ENVIRONMENTAL MANAGEMENT INITIATIVES

Description of project	No of Jobs created	Total Investment	Amount spent to date	Performance Highlights
Working for the Coast Programme	50	R500,000	R0	None
KhayaletuRiver Project	50	R600,000	R0	None

*Chapter 4 - Table28:Environmental Management initiatives*

#### 4.9 SERVICE PROVIDERS STRATEGIC PERFORMANCE

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Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. According to AG's office:

- a) Service provider means a person or institution or any combination of persons and institutions which provide a municipal service
- b) External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality
- c) Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality

Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:

- The performance of each service provider
- a Comparison of the performance with targets set for and performances in the previous financial year; and
- measures taken to improve performance

The purpose of this section is to provide information related to the performance of external service providers. Only the most critical services providers in each directorate are listed.

The table below indicate service providers utilised according to functional areas:



a) Executive and Council

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
Ignite	3 Years	SDBIP System	Excellent	n/a	n/a
		Audit Assist	Excellent	n/a	n/a
		Risk Register System	Good	n/a	n/a
		PMS System	Good	n/a	n/a
MeyerOtto	3 Years	Internal Audit	Excellent	n/a	n/a
		Risk Assessments	Excellent	n/a	n/a

Chapter 4 - Table29: Service Providers Performance –Executive and Council

b) Corporate Services

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
PABX	31 December 2013	Telephone System	Good	n/a	n/a
Collaborator Database Management	01 July 2011 to 30 June 2014	Document Management	Good	n/a	n/a
		Decision Management	Good	n/a	n/a
		Burial Management	Good	n/a	n/a

Chapter 4 - Table30: Service Providers Performance – Corporate Services

c) Financial Services

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
Valuation Of Property	2008/2011	Valuation	Excellent	n/a	n/a
		Objections	Excellent	n/a	n/a
		Revaluation	Excellent	n/a	n/a

Chapter 4 - Table31: Service Providers Performance – Financial Services

## d) Planning and Development

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
Public Participation Phase of CBD Enhancement Strategy	3 months. Fixed fee	Effectiveness of communication, usefulness of output, timeous delivery	Very Good	Effective process and good product delivered on time	n/a
Business Process management for Building Control Department	4 months. Fixed fee	Fitness for purpose, user friendliness and timeous delivery and	Very Good	Well designed system installed, users trained and fine tuning attended to	n/a
IDP development	4 months fixed fee	Effectiveness of communication, usefulness of output, timeous delivery	Very good	Credible, well produced IDP	n/a
Human Settlement Development: Vision 2002	Existing contract pre-dating 2006	Good project management and housing support management	Very Good	Effective process and good product delivered on time	n/a
Human Settlement Development: Flenters	Existing contract pre-dating 2006	Good project management and housing support management	Very Good	Effective process and good product delivered on time	n/a
Contouring, design and layout of informal areas	Existing contract pre-dating 2006	Fit for purpose and timeous delivery	Very Good	Effective process and good product delivered on time	n/a

*Chapter 4 - Table32: Service Providers Performance – Planning and Development*

e) Electrical Services

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
Maemsa Maintenance and operating energy saving street lighting	5 years	Keeping energy saving units functional	Excellent	n/a	n/a

Chapter 4 - Table33: Service Providers Performance – Electrical Services

f) Technical Services

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
METSI CHEM Supply Of Chemicals	12 Months	Supply of chemicals for treatment of water and sewerage	Very Good	n/a	n/a
AURECON Professional Services	8 Months	Professional services for the upgrade of the Knysna waste water treatment works	Very Good	n/a	n/a
Construction Of Knysna Waste Water Treatment Works	8 Months	Upgrade of Knysna waste water treatment works	Very Good	n/a	n/a
Mechanical And Electrical Construction	6 Months	Mechanical and electrical upgrading of Eastford	Very Good	n/a	n/a
Emergency Water Services	10 Months	Professional services for emergency water projects	Very Good	n/a	n/a
Construction of Reservoir	8 Months	Construction of reservoir	Average	Punitive Measures	Punitive Measures
Knysna R.O. Plant	8 Months	Construct and commission r. O. Plant	Good	n/a	n/a
Upgrade Sisulu Street		Design street, procurement and monitor construction	Good	n/a	n/a
Hornlee Facility		Design facility, procurement and monitor	Good	n/a	n/a

Description of services rendered	Term of contract	Performance areas	Performance rating	Performance comment	Corrective measures
		construction			
Upgrade Welbedacht Lane		Design street, procurement and monitor construction	Good	n/a	n/a

*Chapter 4 - Table34: Service Providers Performance – Technical Services*

## **CHAPTER 5**

### **FUNCTIONAL PERFORMANCE**

## CHAPTER 5: FUNCTIONAL PERFORMANCE

This chapter provides information on the functional performance of the municipality on the implementation of the Top Layer and Departmental SDBIP for 2010/11.

The municipal functional areas are as indicated below:

Municipal Function	Municipal Function Yes / No
<b>Constitution Schedule 4, Part B functions:</b>	
Air pollution	Yes
Building regulations	Yes
Child care facilities	No
Electricity reticulation	Yes
Fire fighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	Yes (on Municipal Land)
Stormwater management systems in built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes
<b>Constitution Schedule 5, Part B functions:</b>	
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	Yes
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public	No
Facilities for the accommodation, care and burial of animals	No
Fencing and fences	Yes
Licensing of dogs	No
Licensing and control of undertakings that sell food to the public	No
Local amenities	Yes

Municipal Function	Municipal Function Yes / No
Local sport facilities	Yes
Markets	Yes (on Municipal Land)
Municipal abattoirs	Yes
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	No
Public places	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

Chapter 5 - Table1: Functional Areas

## 5.1 PERFORMANCE HIGHLIGHTS PER FUNCTIONAL AREAS

Directorate/ Functional area	Sub Directorate	Highlights
Executive and Council	Council	Unqualified Audit for 2009/2010.
		IDP review and budget approved before legislated deadline.
		Quarterly performance reviews in line with the approved SDBIP.
	Municipal Manager	Knysna Municipality ranked as third best performing municipality in local authority category by Municipal IQ (Web based independent Local Government monitoring and assessment service).
		Fully functioning Audit Committee.
		Performance agreements signed with all appointed section 57 appointees.
	Performance, Internal Audit and Risk Management	Implemented minutes for the quarterly SDBIP reviews.
		Appointment of external Internal Auditors (3 year project).
		Implementation of a online system for Audit Matters (containing all Audit related information, i.e. Audit Committee Minutes and Agendas, Auditor General Reports, Policies, etc.)
		Acquisition of an Internal / External query module to track issued queries.
		Implementation of a Risk Management system integrated with the SDBIP.
		Additional modules acquired Contract Management, Resolution Assist, Project Prioritisation and Complaints Assist.

Directorate/ Functional area	Sub Directorate	Highlights
<b>Corporate Services</b>	Administration	The Administration Department provides administrative support to Council, the Municipal Manager and the Directorate: Corporate Services to ensure that administrative processes take place in an environment which promotes productivity. The Department is therefore mainly responsible to promote smooth communication methods, by channelling all incoming and outgoing communications, whether received by mail, e-mail or telephone, to the official dealing with the matter.
		To modernise the flow of communication, an electronic document management program had been in all Directorates. The use of the system to compile agendas and minutes and to manage Council and committee decisions is in an advanced state of implementation and will be fully employed during the coming financial year.
		The other administrative support tasks of the department, which include inter alia the distribution of incoming mail, franking and posting of outgoing mail, general messenger work, management of the Corporate Building, control and management of posters and banners in terms of the relevant by-laws and management of grants-in-aid made by Council to welfare and other organisations, and managing the telephone system, are being dealt with on a continuous basis.
	Committee Services	This Committee Services Department ensures that Council, the Mayoral Committee and the standing committees meet regularly. Quality agendas are produced tabling items for consideration and information and accurate minutes of resolutions are recorded. Local Government Elections were held in May 2011 and 19 councillors were elected. In the year under review 41 meetings were held and 2665 agendas were produced. This section is also responsible for the effective implementation of Council decisions and proficient Committee support to Council, Mayoral Committee and Section 80 Committees.
		Councillor Support is an initiative to ensure that councillors are trained, capacitated and supported to perform their tasks as elected leaders of local communities. Logistics such as offices, telephones, stationery and agendas are provided. Training is given on all aspects of local governance. Councillors participate in structures outside of the municipality on behalf of Council, interface with organized local government and interface with communities with the guidance of committee services. The newly elected councillors have completed the first phase of Induction Training through SALGA, and the second phase is currently underway. Councillors have undergone Information Technology Training after receiving laptops. Full time and ward councillors have been allocated an office and all office requirements have been attended to.
	Human Resources	The municipality offered bursaries to local students to address the challenge of scarce skills. The first bursary student was appointed as a town planner in 2010. Knysna Municipality is on track on meeting the National Treasury requirements for meeting the minimum competency levels, the second group of officials will complete the programme before the end of 2012. The first group which started last year will attend a certificate ceremony in September for completing the first part of the programme
	Legal Services	Savings made through reduced instructions to external attorneys , culminated in plans to capacitate the Legal Department through the provision of sufficient human resources , so as to ensure a more cost-effective and proficient in-house service. These plans have since been finalized, budgeted for and are ready for implementation at the beginning of the new financial year.
	Director: Financial Services	Ranked third best performing local authority in country by Municipal IQ. Unqualified Audit for 2009/2010.
<b>Financial Services</b>	Budget Office	Reporting done in terms of the MBRR.
		GRAP compliance achieved.
		Only 4 of a possible 70 budget compliance measures were not achieved.



Directorate/ Functional area	Sub Directorate	Highlights
	Expenditure	No tenders awarded overturned after challenge.
		All creditors paid within 30 days.
		Overdraft not utilised during the year.
	Payroll Management	All staff paid within month.
	Stores & Materials Management	Deviations reduced by 33%.
		Stores complex up-grade begun.
	Income	96% payment levels achieved.
	Meter Reading	Meter reading adjustments all within target.
		Meter reading estimates all within target.
	Information Technology	IT policy implemented.
		90% of viruses attended to within 4 hours.
<b>Planning and Development</b>	Director: Planning & Development	Incorporation of LED and IDP departments contributed to greater synergy between departments, improved internal management ability and commitment, 100% spend on capital expenditure.
	Housing: Administration	Significant delivery of housing opportunities, additional DoRA allocation received, implementation and budget expenditure all complete by April 2011.
	Integrated Development Planning (IDP)	Acknowledged by PAWC and sector departments as credible IDP. IDP approved by council on 20 April 2011.
	Local Economic Development (LED)	Phase 1 of Incubator Project completed and second phase commenced, mentorships, learnerships and training programs resulted in opportunities for youth and women.
	Town Planning and Building Control	Elimination of all processing backlogs in Town Planning and Building Control.
		Steady reduction in processing time for Town Planning and Building Control Applications.
		Development of Business Process Management for Building Control.
		Adoption of Lower CBD Enhancement Strategy.
		Extensive contribution to provincial legislative reform process.
<b>Community Services</b>	Director: Community Services	The Library Soccer Tournament Legacy Project in Sedgefield.
		The building of the new Ox-Wagon Display.
		The Hosting of a successful IDOLS competition.
		The adoption of the SALGA Country Guidelines on HIV & AIDS.
		The launch of the Youth: Social Media Interface.
		The co-hosting of a Girlchild Camp [12-14 November 2010].
		The participation of Local Youth in the National Youth Conference [13-21 December 2010].
		The Training of 46 Law-Enforcement Officers as part of the Soccer World Cup Legacy in conjunction with the Hans Siedel Foundation.
		Number of event events approved: 90

Directorate/ Functional area	Sub Directorate	Highlights
	Community Safety: Disaster management and Risk Mitigation	Disaster Management Plan for the Greater Knysna area approved by Council – In place.
	Community Safety: Fire	Rendering a 24hr services throughout the Greater Knysna area.
	Community Safety: Law Enforcement	Increasing the number of Law Enforcement Staff to render a more effective service in all areas.
	Community Safety: Traffic	Increasing the number of Traffic Officials to render an effective service in all areas.
	Community Safety: Vehicle Licensing and Testing	Decrease backlog in Vehicle Licence Section.
	Library	Successful migration to the new computerized library system for all libraries in the Greater Knysna.
		Reduction in stock losses.
	Museum & Heritage Buildings	Extension of Maritime display.
		Digitization of heritage photographs.
	Parks & Recreation	Completion of Alien Eradication in Hornlee.
		Removal of all dangerous trees in Oupad.
		Play park in Hornlee have been upgraded – new equipment.
<b>Electrical Services</b>	Electricity Administration	Ensuring that the administration remains excellent by utilising the existing staff component.
	Electricity Distribution	New 20MVA Transformer Intake SS Knysna - increased and firmed capacity.
		Phase one completed Nelson Street SS of creating increased capacity CBD.
	Workshop and Depot	Ensuring turnaround time of vehicles remains within norms. Keeping vehicles operational within the budget.
<b>Technical Services</b>	Director: Technical Services	New Director appointed 1 April 2011
	Civic Buildings	Council has concluded an agreement with PGWC for the construction of a health care centre at Masefundi and as part of the agreement a new fire station will be built.
	Public Works	All MIG allocation has been spent within the time frames. A PPP has been entered into with the home owners of Welbedacht for the construction of Welbedacht lane. The construction of Sisulu Street has commenced with labour intensive methods and under the EPWP.
		Knysna Municipality's first female supervisor/"foreman" has been appointed in the roads team.
	Sewerage	We started with the first Phase of Upgrading the Knysna Waste Water Treatment Works.
		Refurbish three Sewer Pump Stations and energised one Pump Station in Dam se Bos
		Replace 200m of Sewer Pumping Main in Remembrance Drive.

Directorate/ Functional area	Sub Directorate	Highlights
	Water	Completed the RO Plant in Knysna.
		Upgrade the Water Works in Sedgfield and Completed the Gravity Main Feeding the Bosdorp, in Karatara.
		Constructed a new 3MI Reservoir at Old Place, Knysna.

*Chapter 5 - Table2: Performance highlights per functional area*

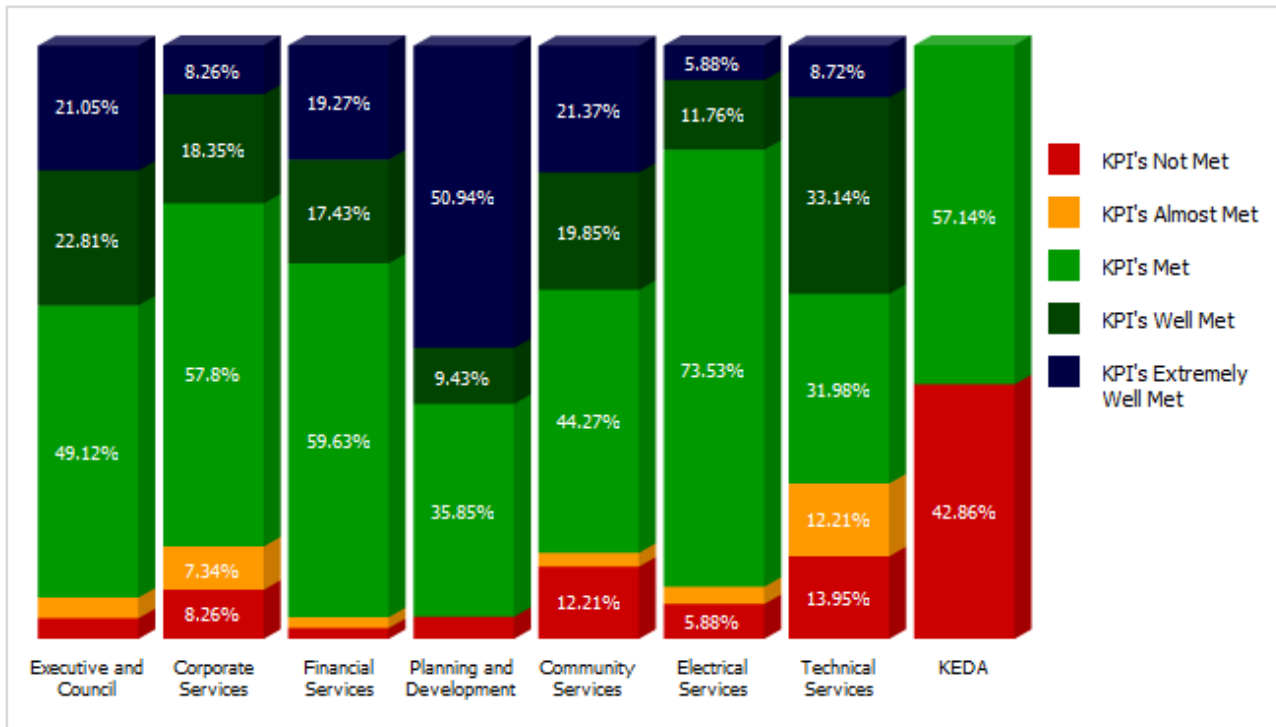
## 5.2 OVERVIEW OF PERFORMANCE

The performance statistics in the table below and all the graphs in the following sub paragraphs include performance in terms of the Departmental SDBIP, which measures operational performance, as well as, the performance in terms of the Top Layer SDBIP. The graph for each directorate is an overview of the overall results of all the KPI's measured in terms of the municipal SDBIP performance management system.

Directorates	% Performance 2009/10	Total KPIs	KPI's Extremely Well Met	KPI's Well Met	KPIs met	KPIs almost met	KPIs not met	% Performance 2010/11
Executive and Council	89	57	12	13	28	2	2	93
Corporate Services	87	109	9	20	63	8	9	84
Financial Services	79	109	21	19	65	2	2	96
Planning and Development	91	53	28	26	19	0	2	96
Community Services	75	131	27	5	58	3	16	86
Electrical Services	87	68	4	8	50	2	4	91
Technical Services	87	172	15	57	55	21	24	74
Strategic Services	35	Disbanded						
KEDA	-	0	0	0	4	0	3	57
<b>Municipality Entity</b>	<b>79</b>	<b>699</b>	<b>116</b>	<b>148</b>	<b>338</b>	<b>38</b>	<b>59</b>	<b>86</b>

*Chapter 5 - Table3: Summary of total performance*

The following graph indicates the overall results of all the KPI's measured of the various directorates in terms of the municipal SDBIP performance management system



Chapter 5 - Graph1: Overall performance of directorates

### 5.3 PERFORMANCE PER FUNCTIONAL AREA (DEPARTMENTAL/OPERATIONAL SDBIP)

#### 5.3.1 EXECUTIVE AND COUNCIL

This function (directorate) consists of the following sub functions (sub directorates):

- Council
- Municipal Manager
- Performance, Internal Audit and Risk Management

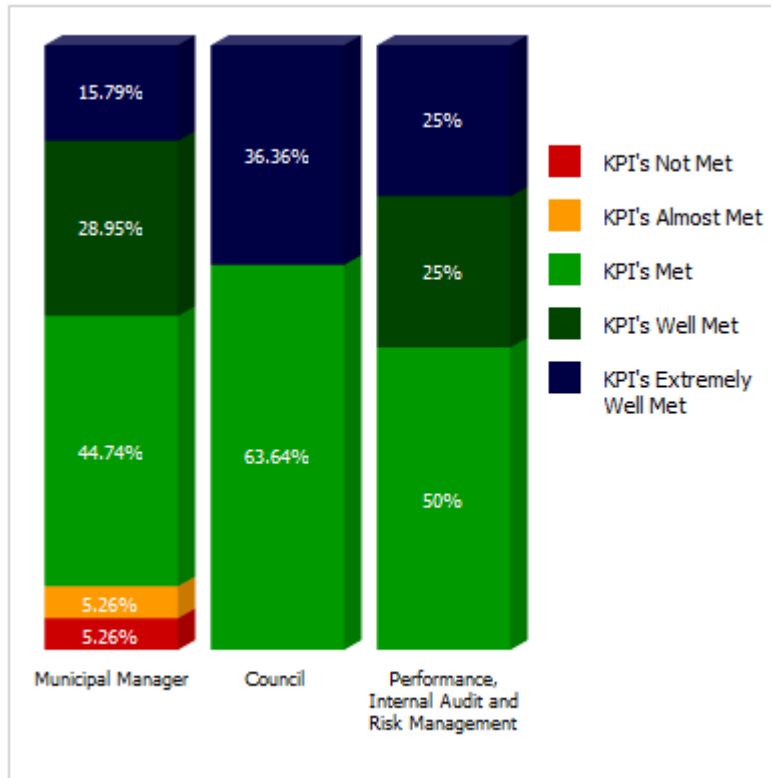
The Operational Key Performance Indicators for Executive and Council are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key and Municipal Performance Area	IDP Strategic Objectives	IDP Programmes
Good Governance and Public Participation	A Dynamic and Welcoming Town	Customer Care
		Develop a sustainable IDP based budget that is compliant with the provisions of the MFMA
		Development of a comprehensive Integrated Development Plan

National Key and Municipal Performance Area	IDP Strategic Objectives	IDP Programmes
		Development of an effective performance management system Effective Performance Reporting Ensure compliance with legal provisions both by the municipality and external role players Ensure that adequate human resource capacity is provided for improved service delivery Ensure that optimum administrative standards are maintained Ensure that optimum ethical standards are maintained Ensure that reliable & accurate support is provided to the Statutory structures of Knysna Municipality Ensure that the financial viability of the greater Knysna is sustainable for future growth Ensure the implementation of the internal audit plan Financial Compliance and Good Practice Financial management, Programme management, Engineering and Organisational development
Municipal Transformation and Institutional Development	A Successful and Respected Town / A Town Prepared for the Future	Ensure that adequate human resource capacity is provided for improved service delivery Knysna 2020 Social Dialogue Safe, Healthy and Well Trained Staff
Municipal Financial Viability and Management	A Successful and Respected Town / A Town Prepared for the Future	Business Process Improvement Develop a sustainable IDP based budget that is compliant with the provisions of the MFMA Ensure efficient and effective utilization of limited resources that the Municipality has Ensure that optimum administrative standards are maintained Ensure that the financial viability of the greater Knysna is sustainable for future growth Ensure the implementation of the internal audit plan Ensure progressive procurement geared at ensuring that previous disadvantaged communities benefit from municipal the budget Financial Compliance and Good Practice
Basic Service Delivery	A Reliably Functioning Town	Ensure that optimum administrative standards are maintained

*Chapter 5 - Table4: Functional alignment – Executive and Council*

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Executive and Council directorate in terms of the municipal SDBIP performance management system



*Chapter 5 - Graph2: Executive and Council directoratedepartmentalperformance*

### 5.3.2 CORPORATE SERVICES

This function (directorate) consists of the following sub functions (sub directorates):

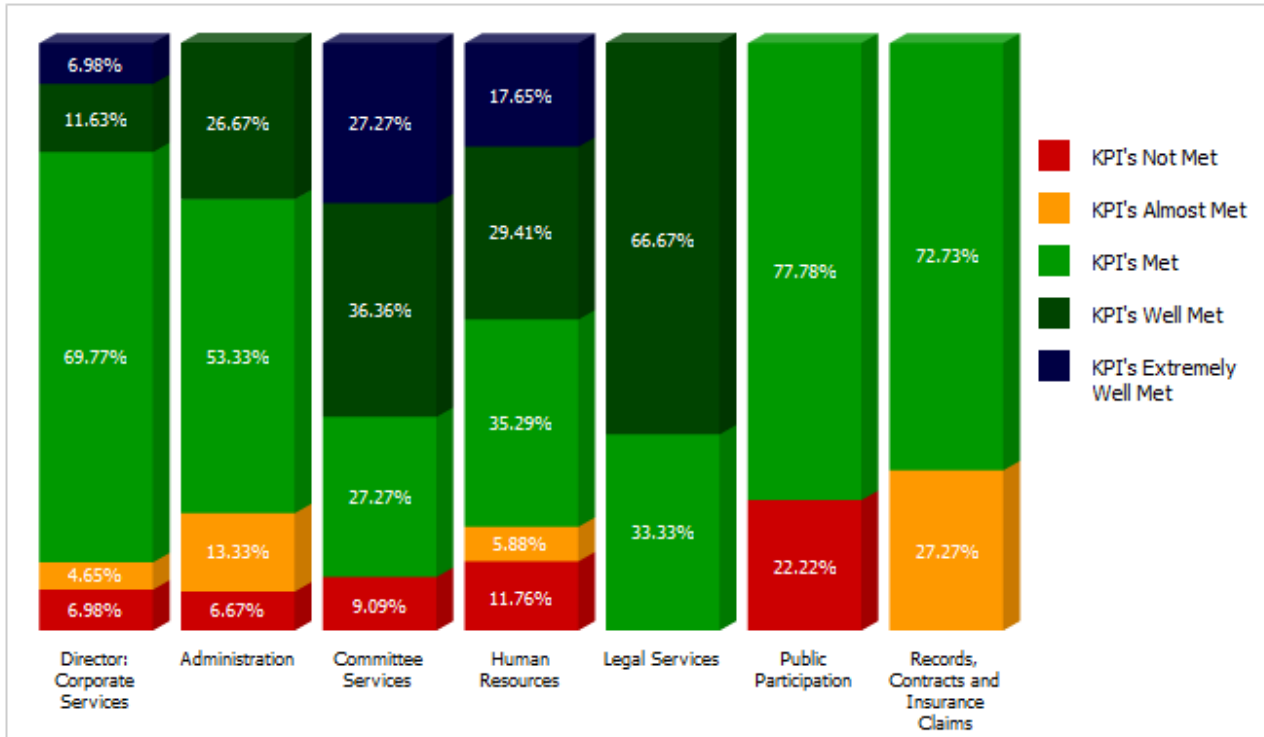
- Director: Corporate Services
- Administration
- Committee Services
- Human Resources
- Legal Services
- Public Participation
- Records, Contracts and Insurance Claims

The Operational Key Performance Indicators for Corporate Services are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key and Municipal Performance Area	IDP Strategic Objectives	IDP Programmes
Good Governance and Public Participation	A Dynamic and Welcoming Town	Community Development Workers Structure aligned with the town management and ward committee structure
		Customer Care
		Ensure compliance with legal provisions by Municipality and external role players and ensure Municipalities enforcement capacity is enhanced
		Ensure that adequate human resource capacity is provided for improved service delivery
		Ensure that optimum administrative standards are maintained
		Ensure that optimum service standards are maintained
		Ensure that reliable and accurate support is provided to the Statutory structures of Knysna Municipality
		Ensure that reliable and accurate support is provided to the Statutory structures of Knysna Municipality
		Good governance
		Performance Management
Municipal Transformation and Institutional Development	A Successful and Respected Town / A Town Prepared for the Future	Ensure compliance with legal provisions by Municipality and external role players and ensure Municipalities enforcement capacity is enhanced
		Ensure that adequate human resource capacity is provided for improved service delivery
		Ensure that appropriate systems are in place for property management, records and insurance
		Ensure that optimum administrative standards are maintained
		Ensure progressive procurement geared at ensuring that previous disadvantaged communities benefit from municipal the budget
		Good governance
		Knysna 2020 Social Dialogue
		Safe, Healthy and Well Trained Staff
Municipal Financial Viability and Management	A Successful and Respected Town / A Town Prepared for the Future	Business Process Improvement
		Ensure that adequate human resource capacity is provided for improved service delivery
		Ensure that the financial viability of the greater Knysna is sustainable for future growth
		Ensure the implementation of the internal audit plan
		Financial Compliance and Good Practice
		Long Term Financial Prosperity
Local Economic Development	A Caring and Content Town	To realise agricultural potential of Knysna, by providing economic growth for the poor areas and rural communities
Basic Service Delivery	A Reliably Functioning Town	Ensure that appropriate systems are in place for property management, records and insurance
		Ensure that optimum administrative standards are maintained
		Ensure that optimum service standards are maintained

Chapter 5 - Table5: Functional alignment – Corporate Services

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Corporate Services directorate in terms of the municipal SDBIP performance management system



Chapter 5 - Graph3: Corporate directorate departmental performance

### 5.3.3 FINANCIAL SERVICES

This function (directorate) consists of the following sub functions (sub directorates):

- Director: Financial Services
- Budget Office
- Expenditure
- Payroll Management
- Stores & Materials Management
- Income
- Meter Reading
- Information Technology

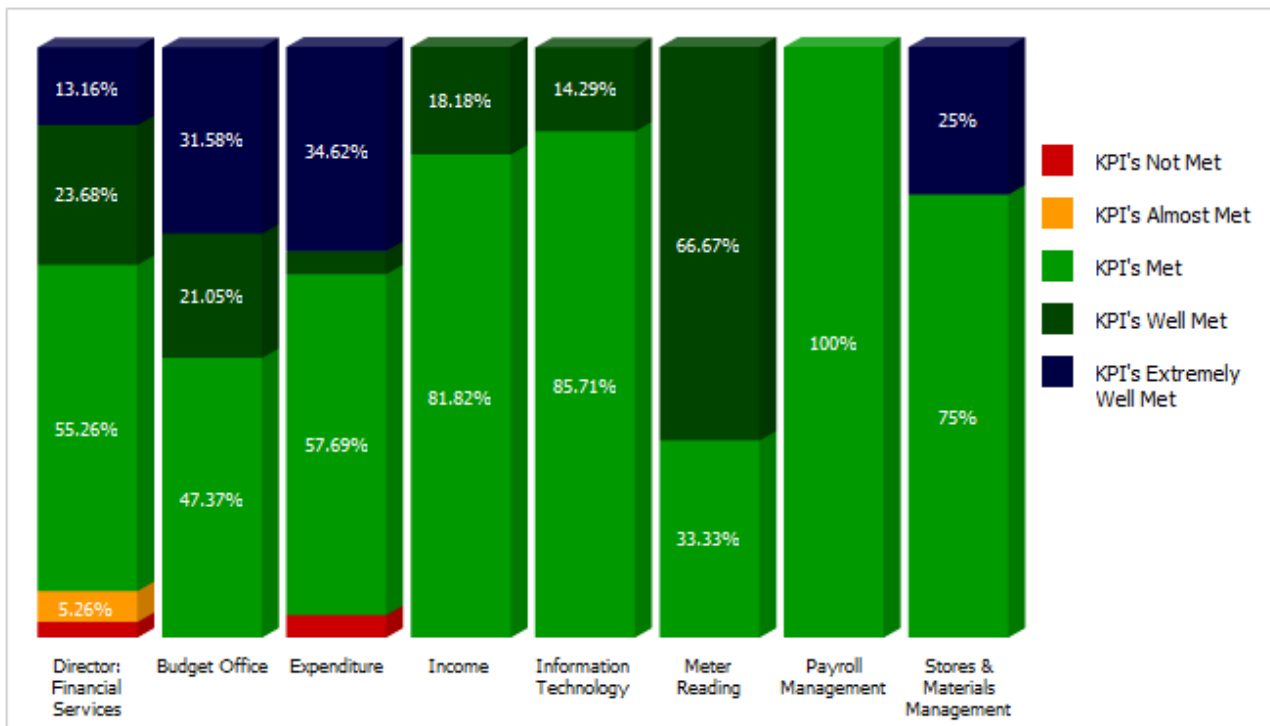
The Operational Key Performance Indicators for Financial Services are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:



National Key and Municipal Performance Area	IDP Strategic Objectives	IDP Programmes
Good Governance and Public Participation	A Dynamic and Welcoming Town	Customer Care
		Ensure that optimum administrative standards are maintained
		Ensure that the financial viability of the greater Knysna is sustainable for future growth
Municipal Transformation and Institutional Development	A Successful and Respected Town / A Town Prepared for the Future	Business Process Improvement
		Efficient reporting and communication system utilised
		Ensure that adequate human resource capacity is provided for improved service delivery
		Ensure that appropriate systems are in place for property management, records and insurance
		Ensure that optimum administrative standards are maintained
		Ensure that reliable and accurate support is provided to the Statutory structures of Knysna Municipality
		Knysna 2020 Social Dialogue
Municipal Financial Viability and Management	A Successful and Respected Town / A Town Prepared for the Future	Business Process Improvement
		Develop a sustainable IDP based budget that is compliant with the provisions of the MFMA
		Ensure efficient and effective utilization of limited resources that the Municipality has
		Ensure that adequate human resource capacity is provided for improved service delivery
		Ensure that the financial viability of the greater Knysna is sustainable for future growth
		Ensure the implementation of the internal audit plan
		Facilitate the external audit plan
		Financial Compliance and Good Practice
		Financial management, Programme management, Engineering and Organisational development
		Plans, policies and regulations
		Review all tariffs i.t.o act 12 of 2007
		Social Development and Community Safety
Local Economic Development	A Caring and Content Town	Promotion of PDI economic empowerment
Basic Service Delivery	A Reliably Functioning Town	Ensure that optimum administrative standards are maintained
		Ensure that optimum service standards are maintained
		Ensure that the financial viability of the greater Knysna is sustainable for future growth

Chapter 5 - Table6: Functional alignment – Financial Services

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Financial Services directorate in terms of the municipal SDBIP performance management system



*Chapter 5 - Graph4: Financial Services departmental performance*

### 5.3.4 PLANNING AND DEVELOPMENT

This function (directorate) consists of the following sub functions (sub directorates):

- Director: Planning & Development
- Housing: Administration
- Integrated Development Planning (IDP)
- Local Economic Development (LED)
- Town Planning and Building Control

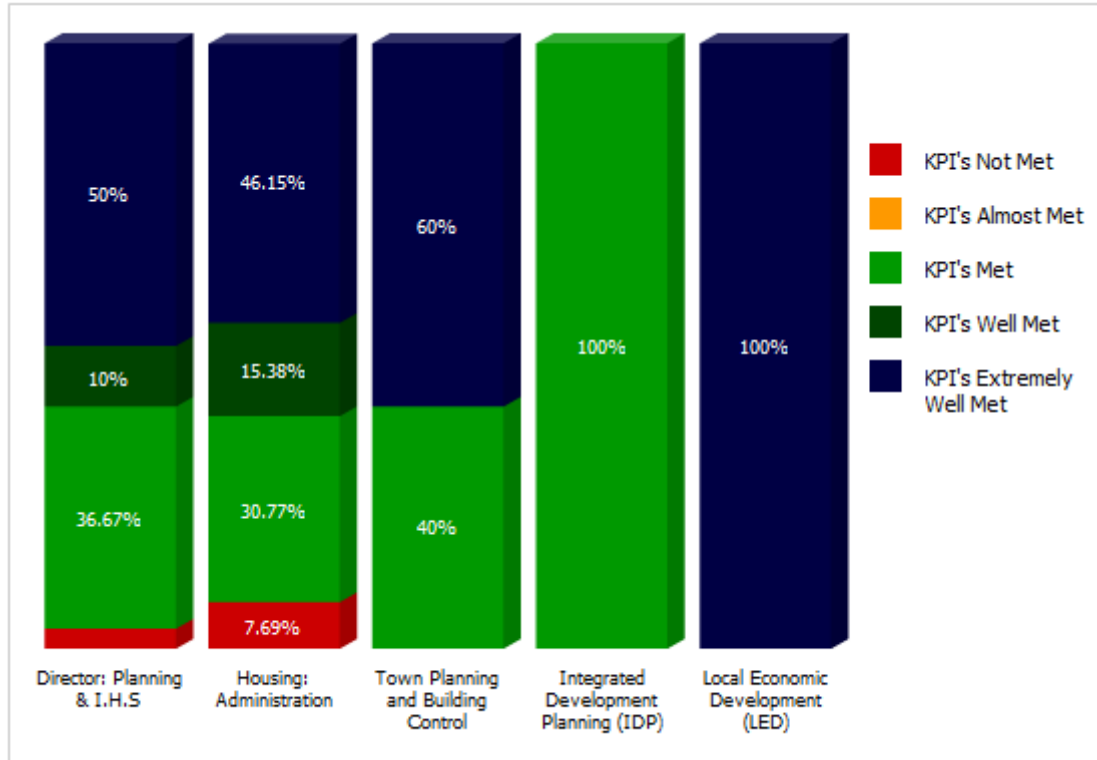
The Operational Key Performance Indicators for Planning and Development are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key and Municipal Performance Area	IDP Strategic Objectives	IDP Programmes
Good Governance and Public Participation	A Dynamic and Welcoming Town	Customer Care
		Ensure that optimum administrative standards are maintained
		Knysna 2020 Social Dialogue
		Plans, policies and regulations
Municipal Transformation	A Successful and	Safe, Healthy and Well Trained Staff

National Key and Municipal Performance Area	IDP Strategic Objectives	IDP Programmes
and Institutional Development	Respected Town / A Town Prepared for the Future	Knysna 2020 Social Dialogue
		Ensure that adequate human resource capacity is provided for improved service delivery
		Ensure that optimum administrative standards are maintained
		Ensure that reliable and accurate support is provided to the Statutory structures of Knysna Municipality.
		Ensure adequate capacity to diligently discharge its responsibility with regard to building control
		Ensure that a sound, comprehensive and highly responsive development planning environment is created
Municipal Financial Viability and Management	A Successful and Respected Town / A Town Prepared for the Future	Business Process Improvement
		Ensure that the financial viability of the greater Knysna is sustainable for future growth
		Ensure the implementation of the internal audit plan
		Financial Compliance and Good Practice
Local Economic Development	A Caring and Content Town	Local Business Growth
		Provision of safe, affordable and decent accommodation
Basic Service Delivery	A Reliably Functioning Town	Bulk Infrastructure
		Business Process Improvement
		Safe, Healthy and Well Trained Staff
		Ensure adequate capacity to diligently discharge its responsibility with regard to building control
		Ensure proper & functional framework is developed for the successful preservation of Knysna's pristine environment
		Ensure that optimum administrative standards are maintained
		Provide adequate, safe and affordable water and sanitation resource to its communities
		Provision of safe, affordable and decent accommodation

Chapter 5 - Table7: Functional alignment – Planning and Development

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Planning and Development directorate in terms of the municipal SDBIP performance management system



*Chapter 5 - Graph5: Planning and Development directorate departmental performance*

### 5.3.5 COMMUNITY SERVICES

This function (directorate) consists of the following sub functions (sub directorates):

- Director: Community Services
- Cemetery
- Solid Waste
- Community Safety: Disaster management and Risk Mitigation
- Community Safety: Fire
- Community Safety: Law Enforcement
- Community Safety: Traffic
- Community Safety: Vehicle Licensing and Testing
- Library

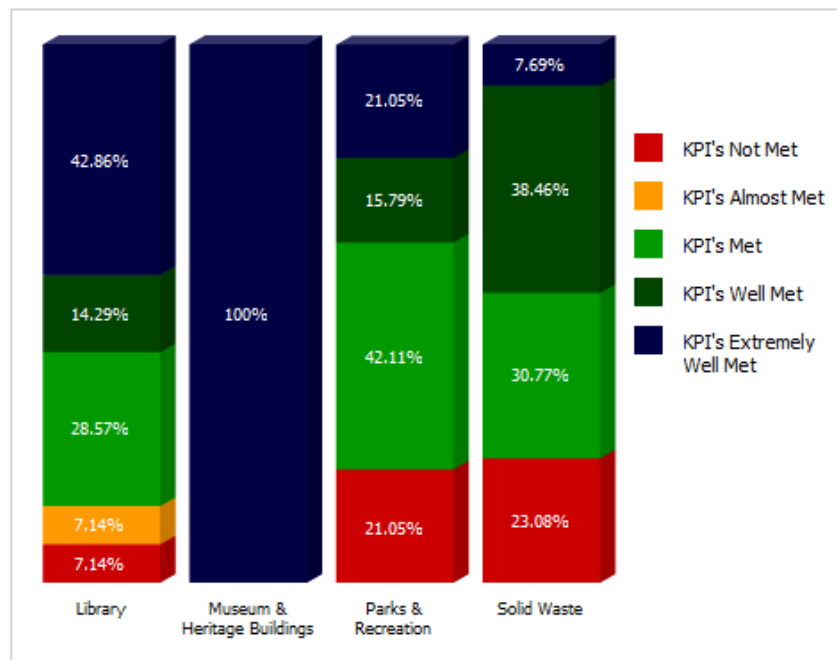
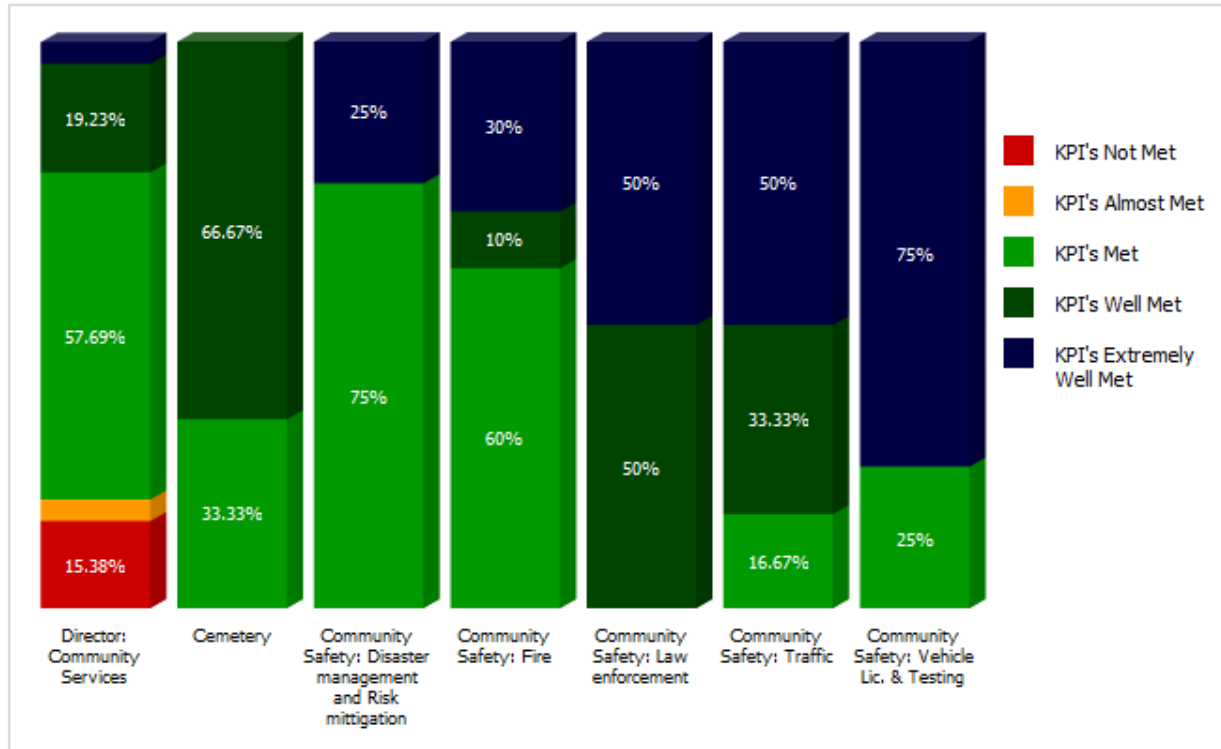
- Museum & Heritage Buildings
- Parks & Recreation

The Operational Key Performance Indicators for Community Services are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key and Municipal Performance Area	IDP Strategic Objectives	IDP Programmes
Good Governance and Public Participation	A Dynamic and Welcoming Town	Customer Care
		Ensure that optimum administrative standards are maintained
		Ensure that a systematic and compressive response is designed to reduce the spread of HIV/AIDS within Knysna
		Render an efficient and effective traffic service
		Social Development and Community Safety
Municipal Transformation and Institutional Development	A Successful and Respected Town / A Town Prepared for the Future	Ensure that adequate human resource capacity is provided for improved service delivery
		Ensure that optimum administrative standards are maintained
		Ensure that progressive procurement geared at ensuring that the previously disadvantaged communities are benefiting from the municipal budget
		Ensure that reliable and accurate support is provided to the Statutory structures of Knysna
		Ensure that the financial viability of the greater Knysna is sustainable for future growth
		Knysna 2020 Social Dialogue
		Provision of reliable firefighting infrastructure
		Safe, Healthy and Well Trained Staff
		Social Development and Community Safety
		To render an efficient service to the communities and visitors utilising the halls and facilities of Knysna
Municipal Financial Viability and Management	A Successful and Respected Town / A Town Prepared for the Future	Business Process Improvement
		Ensure that the financial viability of the greater Knysna is sustainable for future growth
		Ensure the implementation of the internal audit plan
		Financial Compliance and Good Practice
Local Economic Development	A Caring and Content Town	Community Development Workers Structure aligned with the town management and ward committee structure
		Ensure the interests of youth, women and disabled are adequately safeguarded
Basic Service Delivery	A Reliably Functioning Town	Collect, record, preserve and promote Knysna's diverse history
		Deliver an effective and efficient waste management service
		Develop and implement a comprehensive law enforcement strategy for the Greater Knysna area
		Ensure that optimum administrative standards are maintained
		Ensure that optimum service standards are maintained
		Ensure that the financial viability of the greater Knysna is sustainable for future growth
		Provision of reliable firefighting infrastructure
		Render an efficient and effective cemetery service
		Render an efficient and effective traffic service
		Social Development and Community Safety
		Targeted development of deprived areas
		To pursue targeted upgrade of sport facilities
		To render an efficient library service to the communities and visitors of Knysna
		To render an efficient service to the communities and visitors utilising Knysna sport facilities
		To render an efficient service to the communities and visitors utilising the halls and facilities of Knysna

*Chapter 5 - Table8:Functional alignment – Community Services*

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Community Services directorate in terms of the municipal SDBIP performance management system



Chapter 5 - Graph6: Community Services directorate departmental performance

### 5.3.6 ELECTRICAL SERVICES

This function (directorates) consists of the following sub functions (sub directorates):

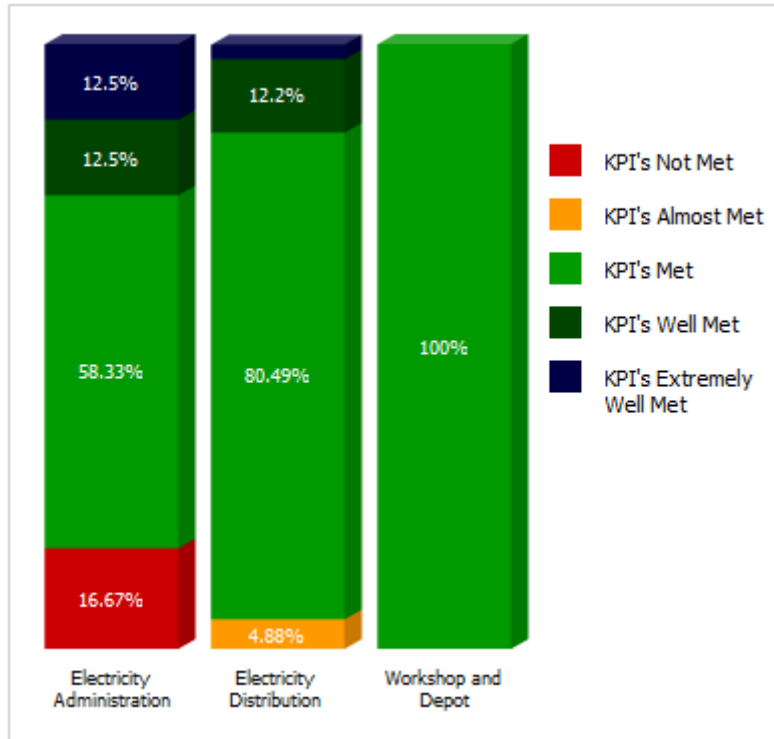
- Electricity Administration
- Electricity Distribution
- Workshop and Depot

The Operational Key Performance Indicators for Electricity Services are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key and Municipal Performance Area	IDP Strategic Objectives	IDP Programmes
Good Governance and Public Participation	A Dynamic and Welcoming Town	Customer Care
		Ensure that optimum administrative standards are maintained
Municipal Transformation and Institutional Development	A Successful and Respected Town / A Town Prepared for the Future	Ensure that adequate human resource capacity is provided for improved service delivery
		Ensure that optimum administrative standards are maintained
		Ensure that reliable and accurate support is provided to the Statutory structures of Knysna Municipality
		Ensure progressive procurement geared at ensuring that previous disadvantaged communities benefit from municipal budget
		Knysna 2020 Social Dialogue
		Safe, Healthy and Well Trained Staff
Municipal Financial Viability and Management	A Successful and Respected Town / A Town Prepared for the Future	Business Process Improvement
		Ensure that the financial viability of the greater Knysna is sustainable for future growth
		Ensure the implementation of the internal audit plan
		Knysna must extend services to the poor and ensure cap. of existing Electricity infrastructure is enhanced to absorb rapid growth
Basic Service Delivery	A Reliably Functioning Town	Bulk Infrastructure
		Ensure that optimum administrative standards are maintained
		Ensure that optimum service standards are maintained
		Ensure progressive procurement geared at ensuring that previous disadvantaged communities benefit from municipal budget
		Exploring Service Partnerships
		Extend electrical services to the poor
		Extend services to the poor and ensure the capacity is enhanced in order absorb the rapid growth
		Knysna must extend services to the poor and ensure cap. of existing Electricity infrastructure is enhanced to absorb rapid growth

Chapter 5 - Table9:Functional alignment – Electrical Services

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Electrical Services directorate in terms of the municipal SDBIP performance management system



Chapter 5 - Graph7: Electrical Services departmental performance

### 5.3.7 TECHNICAL SERVICES

This function (directorate) consists of the following sub functions (sub directorates):

- Director: Technical Services
- Civic Buildings
- Public Works
- Sewerage
- Water

The Operational Key Performance Indicators for Technical Services are aligned to the following National Key Performance Areas, Municipal Key Performance Areas and the IDP Strategic Objectives:

National Key and Municipal Performance Area	IDP Strategic Objectives	IDP Programmes
Good Governance and Public Participation	A Dynamic and Welcoming Town	Customer Care
		Ensure that optimum administrative standards are maintained

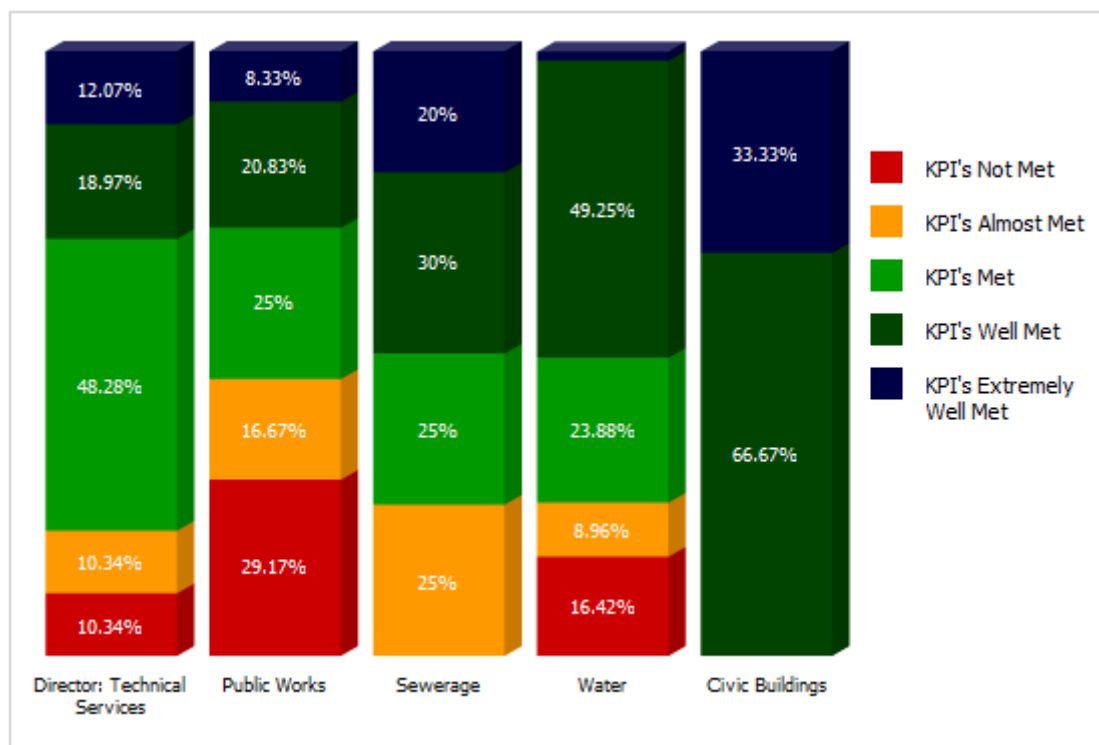


National Key and Municipal Performance Area	IDP Strategic Objectives	IDP Programmes
Municipal Transformation and Institutional Development	A Successful and Respected Town / A Town Prepared for the Future	Safe, Healthy and Well Trained Staff
		Knysna 2020 Social Dialogue
		Effective Performance Reporting
		Ensure that adequate human resource capacity is provided for improved service delivery
		Ensure that optimum administrative standards are maintained
		Ensure that reliable and accurate support is provided to the Statutory structures of Knysna Municipality
		Ensure progressive procurement geared at ensuring that previous disadvantaged communities benefit from municipal budget
Municipal Financial Viability and Management	A Successful and Respected Town / A Town Prepared for the Future	Business Process Improvement
		Ensure that adequate human resource capacity is provided for improved service delivery
		Ensure that the financial viability of the greater Knysna is sustainable for future growth
		Ensure the implementation of the internal audit plan
		Financial Compliance and Good Practice
		Ensure that Knysna Municipality adequately maintain its road infrastructure regravelling
		Ensure that Knysna Municipality adequately maintains its road infrastructure resealing
		Provide adequate, safe and affordable water and sanitation resource to its communities
		Ensure that Knysna Municipality adequately maintains its water infrastructure
		Ensure that Knysna Municipality adequately maintains its Civic Buildings
Local Economic Development	A Caring and Content Town	Promotion of PDI economic empowerment
Basic Service Delivery	A Reliably Functioning Town	Bulk Infrastructure
		Ensure adequate, safe and affordable water and sanitation resource to all its communities
		Ensure road network capacity by providing adequate stormwater drainage systems
		Ensure road network capacity, providing adequate side walk infrastructure labour intensive projects
		Ensure sufficient road network capacity to withstand adverse conditions and insurmountable pressure
		Ensure that adequate human resource capacity is provided for improved service delivery
		Ensure that Knysna Municipality adequately maintains its road infrastructure
		Ensure that Knysna Municipality adequately maintains its water infrastructure
		Ensure that Knysna Municipality provides adequate road infrastructure
		Ensure that optimum administrative standards are maintained
		Ensure that optimum service standards are maintained
		Financial Compliance and Good Practice

National Key and Municipal Performance Area	IDP Strategic Objectives	IDP Programmes
		Financial viability and expenditure monitoring in regards to the approved operational budget
		Provide adequate, safe and affordable water and sanitation resource to its communities

Chapter 5 - Table10:Functional alignment – Technical Services

The following graph indicates the overall results of all the KPI's measured of the various sub-directorates within the Technical Services directorate in terms of the municipal SDBIP performance management system



Chapter 5 - Graph8: Technical Directorate department performance

## **CHAPTER 6**

### **FINANCIAL PERFORMANCE**

## CHAPTER 6: FINANCIAL PERFORMANCE

### 6.1 FINANCIAL SUSTAINABILITY

#### A) NATIONAL KEY PERFORMANCE INDICATORS - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

The following table indicates the municipality's performance in terms of the National Key Performance Indicators required in terms of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These key performance indicators are linked to the National Key Performance Area namely Municipal Financial Viability and Management.

KPA & INDICATOR	2007/08	2008/09	2009/10	2010/11	Comments
Debt coverage ((Total operating revenue-operating grants received)/debt service payments due within the year)	-	-	10.02	11.69	Operating grants = total transfer revenue
Service debtors to revenue – (Total outstanding service debtors/ revenue received for services)	19%	21%	22%	21%	Total outstanding service debtors = revenue from exchange transactions less provision for impairment Revenue received for services = service charges plus rentals of facilities
Cost coverage ((Available cash+ investments)/ Monthly fixed operating expenditure	2.5:1	2.1:2	1.1:1	2.3:1	Available cash and investments = Cash and cash equivalents Monthly fixed operating expenditure is calculated per schedule SA8 of the Municipal Budget and Reporting Regulations for the Annual Budget

Chapter 6 - Table1: National KPI's for financial viability and management

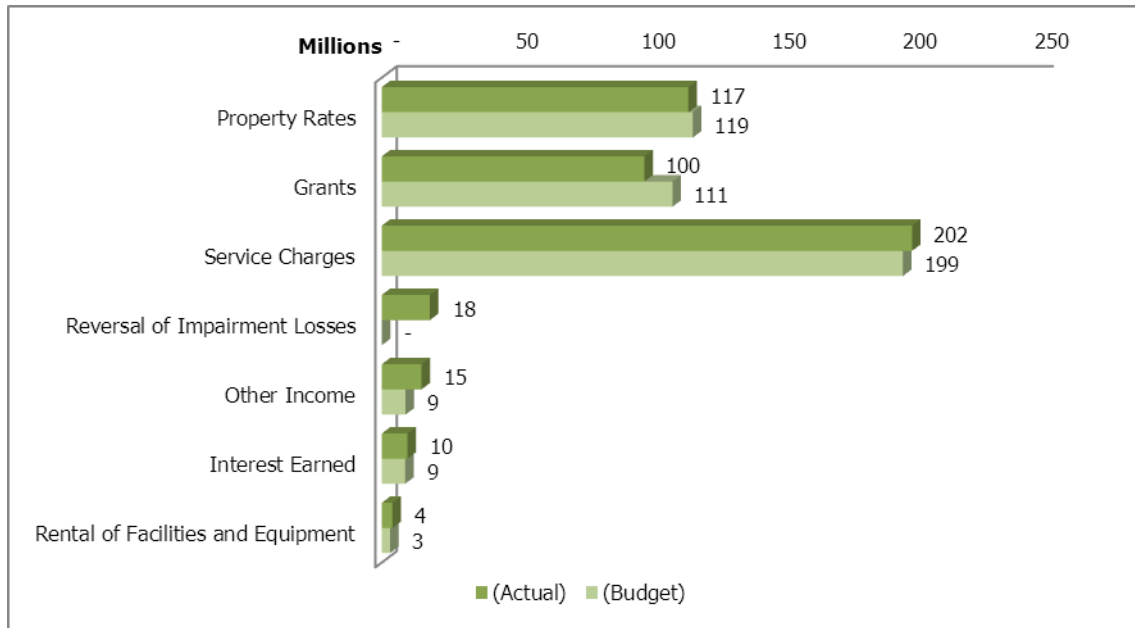
#### 6.1.1 OPERATING RESULTS

The table below shows a summary of performance against budgets

Financial Year	Revenue				Operating expenditure			
	Budget	Actual	Diff.	%	Budget	Actual	Diff.	%
	R'000	R'000	R'000		R'000	R'000	R'000	
2007/08	323,380	294,312	(29,068)	(8.99)	273,079	281,499	(8,420)	(3.08)
2008/09	344,235	352,110	7,875	2.29	334,409	327,208	7,201	2.15
2009/10	433,216	455,430	22,214	5.13	363,056	376,093	(13,037)	(3.59)
2010/11	448,841	466,159	17,318	3.86	427,347	404,348	22,999	5.38

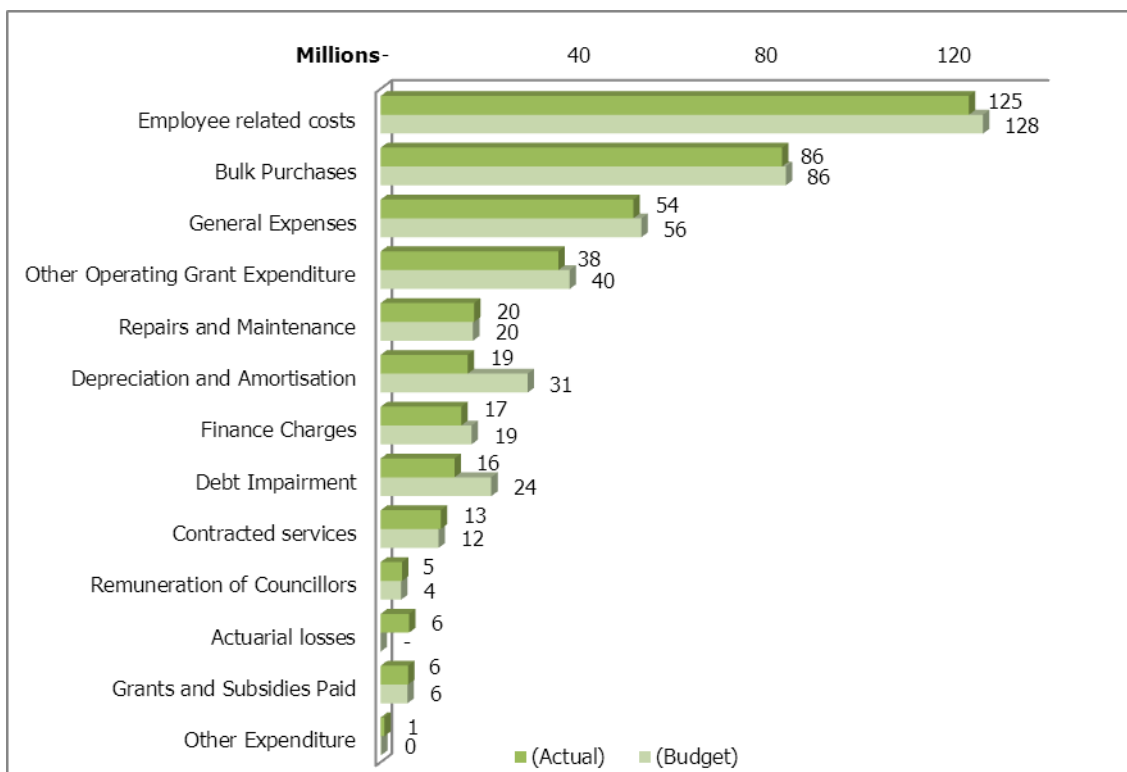
Chapter 6 - Table2: Performance against budgets

The following graph indicates the various types of revenue items in the municipal budget for 2010/11 (*Annexure D(1) AFS*)



Chapter 6 - Graph1: Revenue

The following graph indicates the various types of expenditure items in the municipal budget for 2010/11 (Annexure D(1) AFS)



Chapter 6 - Graph2: Operating expenditure

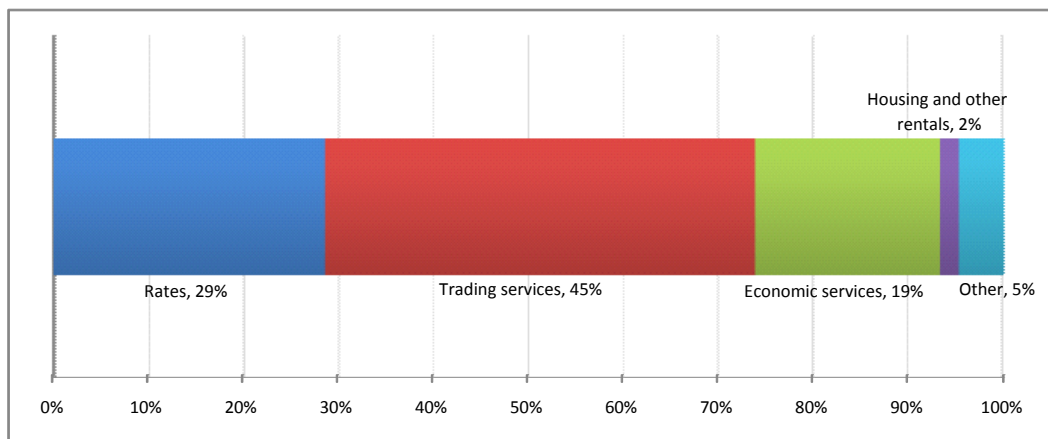
## 6.1.2 OUTSTANDING DEBTORS

## A) GROSS OUTSTANDING DEBTORS PER SERVICE

Financial year	Rates	Trading services	Economic services	Housing and other rentals	Other	Total
		(Electricity and Water)	(Sanitation and Refuse)			
	R'000	R'000	R'000	R'000	R'000	R'000
2008/09	16,399	28,650	16,322	2,618	4,762	68,751
2009/10	25,058	36,787	16,863	3,188	4,316	86,211
2010/11	28,312	44,828	19,263	1,954	4,689	99,046
Difference	3,254	8,041	2,400	(1,234)	373	12,834
% growth year on year	13	22	14	(39)	9	15

Chapter 6 - Table3: Gross outstanding debtors per service

The following graph indicates the total outstanding debt per type of service for 2010/11



Chapter 6 - Graph3: Debt per type of service

## B) TOTAL DEBTORS AGE ANALYSIS

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2008/09	19,307	7,212	2,889	39,343	68,751
2009/10	23,370	7,362	3,551	51,929	86,212
2010/11	33,979	6,145	13,078	45,844	99,046
Difference	10,609	(1,217)	9,527	6,085	12,834
% growth year on year	45	(17)	268	(12)	15

Chapter 6 - Table4: Service debtor age analysis

Note: Figures exclude provision for bad debt

Insert narrative municipal specific

### 6.1.3 VIABILITY INDICATORS

#### A) LEVEL OF RELIANCE ON GRANTS AND SUBSIDIES

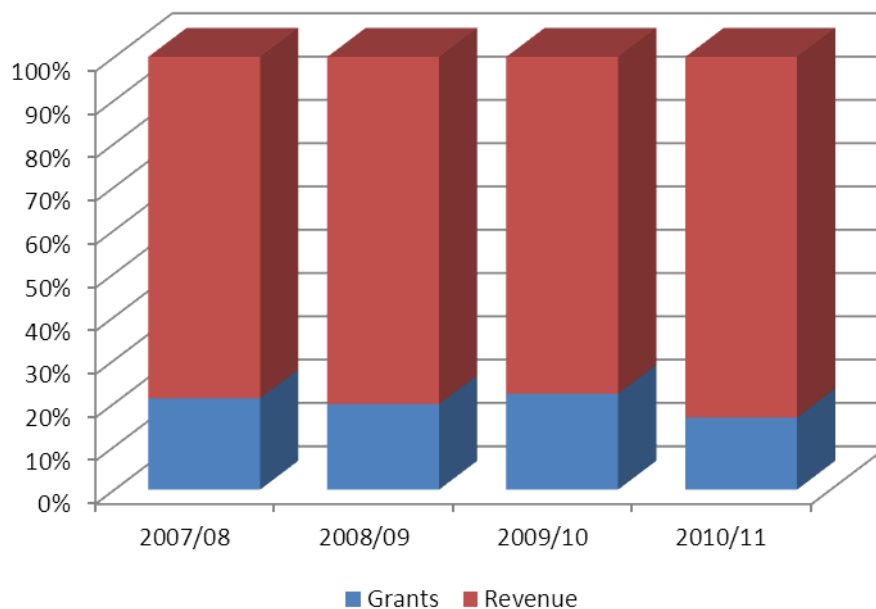
Financial year	Total grants and subsidies received (R'000)	Total Operating Revenue (R'000)	Percentage (%)
2007/08	79,379	296,677	26.76
2008/09 *	86,179	349,418	24.66
2009/10 *	126,927	445,835	28.50
2010/11	100,840	503,156	<b>20.04</b>

\* Prior year comparatives have been amended to include restatements

Chapter 6 – Table 5: Reliance on grants

This indicator is prejudiced as the disaster and housing grants (unfunded mandate) are included. The indicator measures total grants against operating revenues including capital transfers. Should the disaster and housing grants be excluded the percentages would drop to 11% for 2009/10 and 9% for 2010/11.

**The following graph indicates the municipality's reliance on grants as percentage for the last three financial years**



Chapter 6 - Graph4: Reliance on grants as 20.04%

## B) LIQUIDITY RATIO

Financial year	Net current assets (R'000)	Net current liabilities (R'000)	Ratio
2007/08	87,676	89,384	0.98:1
2008/09	118,345	95,222	1.24:1
2009/10	101,894	82,030	1.24:1
2010/11	129,475	88,941	<b>1.46:1</b>

Chapter 6 – Table 6: Liquidity ratio

Insert narrative municipal specific

## 6.1.4 AUDITED OUTCOMES

Year	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
Outcome	Unqualified	Qualified	Unqualified	Unqualified	Unqualified	<b>Unqualified</b>

Chapter 6 - Table 7: Audit outcomes

The following table provides the details on the audit outcomes for the past three financial years with the correctives steps implemented:

2008/09	
Issue raised	Corrective step implemented
<b>Emphasis of matter:</b>	
Amendments to the applicable basis of accounting	Issue has been addressed
Material losses (Water Distribution)	These were in regard to water and it should be pointed out that Knysna's water losses are well within the norm expected within both developed and developing countries
Events after the reporting date	Issue has been addressed
Restatement of corresponding figures	Issue has been addressed
Material under spending on the budget	This is explained within the statements and is with respect a misnomer on the part of the Auditor-General.
<b>Matters of Governance</b>	
<b>Non compliance with regulatory requirements:</b>	
1. The municipality's performance management system policy framework does not in all instances comply with the Local Government; Municipal Planning and Performance Regulations, 2001, issued in GNR.796 of 24 August, as:	Appointing an official to handle inter alia the finalization of a PMS, including electronic performance measurement, for presentation to the Council. And to administer the system. To monitor the implementation of Audit Committee recommendation adopted from time to time by Council
a) The framework does not specifically state that the performance targets must be practical and realistic as required by section 12 (2) of the regulation.	The performance management process will be integrated.



2008/09	
Issue raised	Corrective step implemented
b) The framework does not specifically indicate that the key performance indicators must be reviewed annually as required by section 11 (1) of the regulation.	
c) The framework does not specifically indicate that whenever the integrated development plan is amended, the key performance indicators that will be affected by such amendments must also be reviewed as required by section 11(2) of the regulation	
d) The framework does not state the importance of the set targets being commensurate with available resources and the municipality's capacity as required by section 12 (1) of the regulations	
2. Directors set their own targets which are not clearly linked to the service delivery and budget implementation plan, which result in the targets not being in line with the priorities, objectives, indicators and targets contained in the integrated development plan, as required by section 38 (a) (iii) of the MSA	Subject the financial statements to a quarterly review before they are submitted for auditing, while the internal audit unit and audit committee can play a crucial role in the review process of the financial statements
3. The municipality did not display an advertisement to the local community offering them an opportunity to comment on the draft integrated development plan, as required by section 15 of the regulation	Performance management also fulfils the implementation, management, monitoring and evaluation of the IDP.
4. The revised service delivery and budget implementation plan was not approved by the council, as required by section 54 (1) (c) of the MFMA, after changes had been made to the budget	Develop a strategy that has the overall aim to improve financial management controls relating to compliance with accounting standards and reconciliation and maintenance of underlying records, in order to produce accurate financial statements

Chapter 6 - Table8:2008/09 Detail on audit outcomes

2009/10	
Issue raised	Corrective step implemented
<b>Emphasis of matter:</b>	
Material losses (Water Distribution)	These were in regard to water and it should be pointed out that Knysna's water losses are well within the norm expected within both developed and developing countries
Material under spending on the budget	This is explained within the statements and is with respect a misnomer on the part of the Auditor-General.
Restatement of corresponding figures	Some of these were to do with the on-going GRAP implementation. Others were errors which were corrected.
Significant uncertainties	These are commonly known as contingent liabilities and are disclosed in the statements.
<b>Matter of Governance</b>	
<b>Non compliance with regulatory requirements:</b>	

2009/10	
Issue raised	Corrective step implemented
Lack of effective, efficient and transparent systems and internal controls regarding performance management	It is accepted that there are issues regarding performance information and management still requiring further work but these are mainly to do with the mechanics of the system rather than the principles behind performance management. In the absence of a national system or even appropriate national guidelines the Auditor-General recently stated that as far as non-metros are concerned performance issues will continue to be shown as is until "the environment shows a state of readiness".
No service delivery agreement	
No reporting against predetermined objectives, indicators and targets	
For the selected objectives the validity, accuracy and completeness of the actual performance reported by the municipality on housing could not be established as sufficient appropriate audit evidence and/ or relevant source documentation could not be provided for audit purpose	
None of the targets set by the municipality for the objectives selected were aligned between the integrated development plan and the service delivery and budget implementation plan.	
Contrary to section 93j of the MSA, A chief executive officer was not appointed and consequently the municipal entity did not have an accounting officer as referred to in section 93 of the MFMA	The Agency is in the pre establishment phase and this should be concluded January 2011 where after all requirements should be met.
The annual financial statements for the municipal entity were submitted on 30 September 2010 and not within two months after the end of the financial year as required by section 126 (2) of the MFMA	
Contrary to section 87. 88 and 100 of the MFMA, an annual budget or performance assessment was not prepared by the municipal entity	
Internal reports or minutes of reporting by the municipal entity to the council on expenditure incurred by the entity on directors and staff remuneration could not be presented to confirm compliance with section 89 of the MFMA	

Chapter 6 - Table9: 2009/10 Detail on audit outcomes

2010/11	
Issue raised	Corrective step implemented
<b><u>Emphasis of matter:</u></b>	
<u>Significant uncertainties</u>	These are commonly known as contingent liabilities and are disclosed in the statements.
Restatement of corresponding figures	Most of the restatements relate to the on-going implementation of GRAP specifically the unbundling of assets. Others were errors which were corrected.
<b><u>Additional Matters</u></b>	
Material inconsistencies in other information included in the annual report	
<b><u>Report on Other Legal and Regulatory Requirements</u></b>	
Predetermined objectives	

2010/11	
Issue raised	Corrective step implemented
Compliance with laws and regulation	
Reliability of Information	
Compliance with laws and regulation	
Expenditure management	
Procurement and contract management	
Asset management	
Internal control	
Leadership	
Financial Management	

Chapter 6 - Table10: 2010/11 Detail on audit outcomes

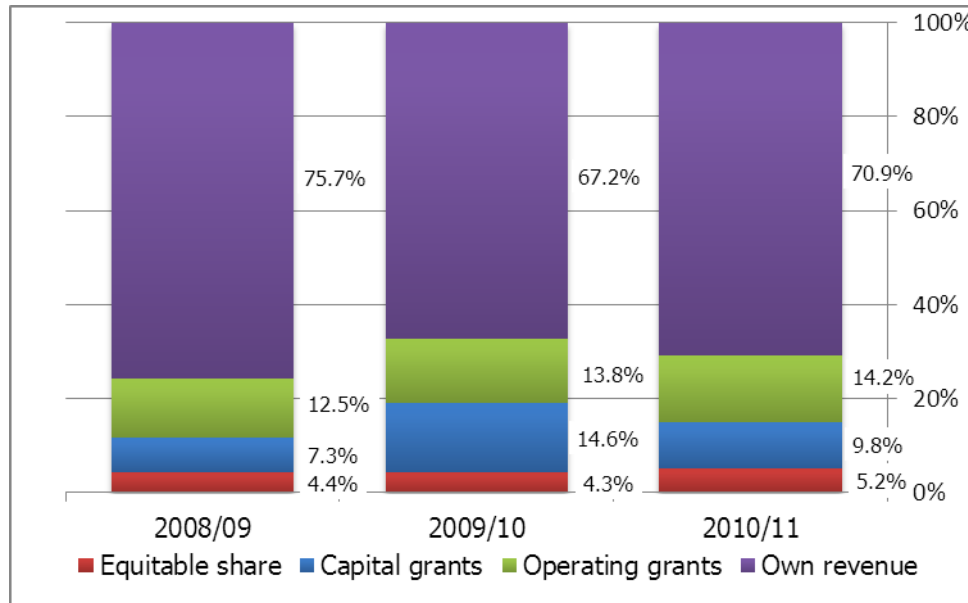
### 6.1.5 EQUITABLE SHARE VS TOTAL REVENUE

Description of revenue	Amount received 2007/08	Amount received 2008/09	Amount received 2009/10	Amount received 2010/11
	R'000	R'000	R'000	R'000
Equitable share	13,331	18,083	19,283	<b>22,279</b>
Capital grants	64,343	34,193	65,195	36,888
Operating grants		49,697	61,732	63,129
Own revenue	203,967	247,871	299,625	380,860
<b>Total revenue</b>	<b>296,677</b>	<b>349,844</b>	<b>445,835</b>	<b>503,156</b>

*Note: The amounts received in this table are reflective of the transfers recognized as revenue in the Statement of Financial Performance and not of the actual transfers made into the municipal bank account.*

Chapter 6 – Table 11: Equitable share vs. total revenue

The following graph indicates the various revenue streams of the municipality for the past three financial years



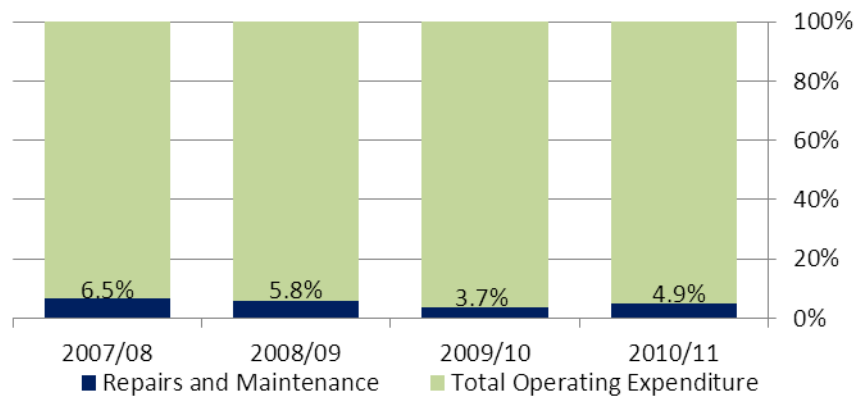
Chapter 6 - Graph 5: Revenue streams

### 6.1.6 REPAIRS AND MAINTENANCE

Description	2007/2008	2008/2009	2009/2010	2010/11
	R'000	R'000	R'000	R'000
Total Operating Expenditure	285,912	327,208	467,434	404,349
Repairs and Maintenance	18,544	18,919	17,162	19,925
% of total OPEX	6.5	5.8	3.7	4.9

Chapter 6 – Table 12: Repairs &amp; maintenance as % of total operating expenditure

The following graph indicates the percentage of the budget that was spent on repairs & maintenance in relation to the operational budget



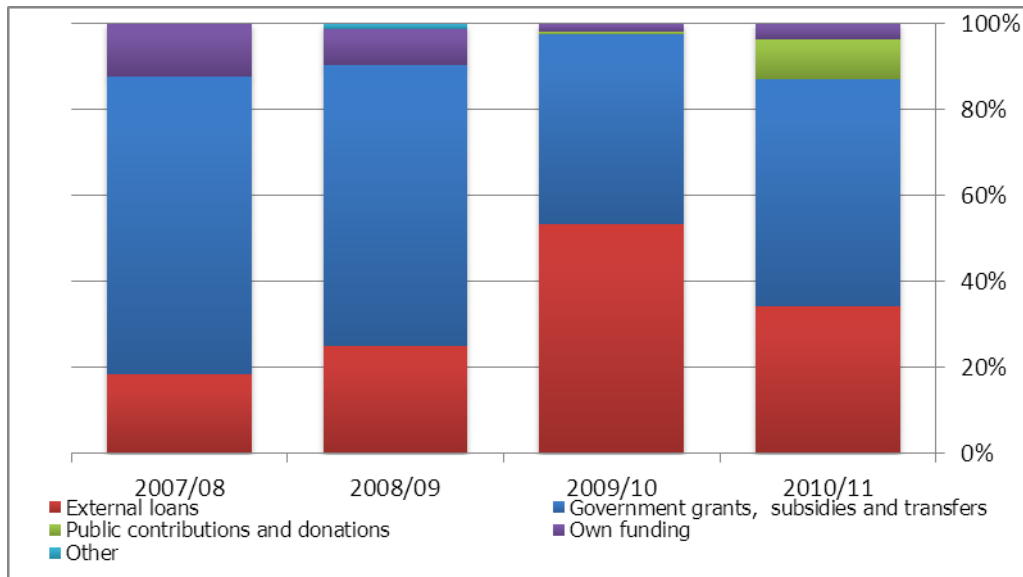
Chapter 6 – Graph 6: Repairs and maintenance as percentage of operating expenditure

## 6.1.7 CAPITAL FUNDED BY SOURCE

Description Source	2007/2008	2008/2009	2009/2010	2010/11
	R'000	R'000	R'000	R'000
External loans	24,412	41,730	24,948	9,892
Government grants, subsidies and transfers	38,024	34,706	65,195	37,711
Public contributions and donations	6,549	577	0	0
Own funding	2,635	1,403	8,176	6,639
Other	0	0	1,312	0
<b>Total capital expenditure</b>	<b>71,621</b>	<b>78,416</b>	<b>99,632</b>	<b>54,242</b>

Chapter 6 - Table13: Capital funded by source

The following graph indicates capital expenditure funded by the various sources



Chapter 6 - Graph 7: Capital funded by source

## LIST OF ABBREVIATIONS

<b>AG</b>	Auditor-General	<b>MBRR</b>	Municipal Budget And Reporting Regulations
<b>AST</b>	An Attractive and Sustainable Town	<b>MFMA</b>	Municipal Finance Management Act No. 56 of 2003)
<b>BESP</b>	Built Environment Support Program	<b>MIG</b>	Municipal Infrastructure Grant
<b>CAPEX</b>	Capital Expenditure	<b>MKPA</b>	Municipal Key Performance Area
<b>CBD</b>	Central Business District	<b>MI</b>	Megaliter (1,000,000liters)
<b>CBP</b>	Community Based Planning	<b>MM</b>	Municipal Manager
<b>CCT</b>	A Caring and Content Town	<b>MMC</b>	Member of Mayoral Committee
<b>CFO</b>	Chief Financial Officer	<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>CoGTA</b>	Cooperative Governance and Traditional Affairs,	<b>MTECH</b>	Medium Term Expenditure Committee
<b>DEA</b>	Department of Environmental Affairs	<b>NERSA</b>	National Energy Regulator of South Africa
<b>DEADP</b>	Department of Environmental Affairs and Development Planning	<b>NGO</b>	Non Governmental Organisation
<b>DM</b>	District Municipality	<b>NT</b>	National Treasury
<b>DMG</b>	District Municipality Grant	<b>OPEX</b>	Operating expenditure
<b>DoRA</b>	Division of Revenue Act	<b>PDI</b>	Previously Disadvantaged Individual
<b>DPLG</b>	Department of Provincial and Local Government	<b>PGWC</b>	Provincial Government Western Cape
<b>DWAF</b>	Department of Water Affairs and Forestry	<b>PI</b>	Performance Indicator
<b>EE</b>	Employment Equity	<b>PMS</b>	Performance Management System
<b>EPWP</b>	Expanded Public Works Programme	<b>PPP</b>	Public-Private Partnership
<b>FST</b>	A Financially Sound Town	<b>PT</b>	Provincial Treasury
<b>GAMAP</b>	Generally Accepted Municipal Accounting Practice	<b>R</b>	Rand (Currency)
<b>GRAP</b>	Generally Recognised Accounting Practice	<b>Rev</b>	Reverend
<b>HH</b>	Households	<b>RFT</b>	A Reliably Functioning Town
<b>HR</b>	Human Resources	<b>RO</b>	Reverse Osmosis
<b>IDP</b>	Integrated Development Plan	<b>SALGA</b>	South African Local Government Organisation
<b>IFRS</b>	International Financial Reporting Standards	<b>SAMDI</b>	South African Management Development Institute
<b>IMFO</b>	Institute for Municipal finance officers	<b>SCM</b>	Supply Chain Management
<b>INEP</b>	Integrated National Electrification Programme	<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>KDAC</b>	Knysna Drug and Alcohol Centre	<b>SDF</b>	Spatial Development Framework
<b>KI</b>	Kiloliter (1,000 liters)	<b>SRT</b>	A Successful and Respected Town
<b>KPA</b>	Key Performance Area	<b>SS</b>	Sub Station
<b>KPI</b>	Key Performance Indicator	<b>STATSSA</b>	Statistics South Africa
<b>kWh</b>	Kilowatt-hour	<b>TPF</b>	A Town Prepared for the Future
<b>LED</b>	Local Economic Development	<b>VIP</b>	Ventilated Improved Pit (toilet)
<b>LI</b>	Labour Intensive	<b>WCPA</b>	Western Cape Provincial Administration
<b>LLF</b>	Local Labour Forum	<b>WTW</b>	Water Treatment Works
<b>MAYCO</b>	Executive Mayoral Committee	<b>WWTW</b>	Waste Water Treatment Works



ANNEXURE A: FINANCIAL STATEMENTS

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# KNYSNA

MUNICIPALITY



*[ These financial statements have been audited. ]*

## CONSOLIDATED FINANCIAL STATEMENTS

**30 JUNE 2011**

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## ANNEXURE B: REPORT OF THE AUDITOR GENERAL

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### REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON KNYSNA MUNICIPALITY

#### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

##### Introduction

1. I have audited the accompanying consolidated and separate financial statements of the Knysna Municipality, which comprise the consolidated and separate statement of financial position as at 30 June 2011, and the consolidated and separate statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting officer's report as set out on pages 5 to 76.

##### Accounting officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DoRA), and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these consolidated and separate financial statements based on my audit.
  4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.
  5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
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6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

7. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Knysna Municipality as at 30 June 2011 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended, in accordance with SA Standards of GRAP and in the manner required by the MFMA and DoRA.

**Emphasis of matters**

8. I draw attention to the matters below. My opinion is not modified in respect of these matters:

**Significant uncertainties**

9. Enquiries of management and the municipality's legal representatives confirmed that the municipality is a defendant in actions instituted for damages and claims totalling R6 558 504. The outcome of these legal claims cannot be determined, but based on best estimate and judgement by management, these amounts have been disclosed as a contingent liability in note 52 to the consolidated financial statements.

**Restatement of corresponding figures**

10. As disclosed in note 37 to the consolidated financial statements, the corresponding figures for 30 June 2010 have been restated as a result of an error discovered during 30 June 2011 in the consolidated financial statements of Knysna Municipality at, and for the year ended, 30 June 2011.

**Additional matters**

I draw attention to the matters below. My opinion is not modified in respect of these matters:

**Unaudited supplementary schedules**

11. The supplementary information set out on pages 77 to 78, does not form part of the consolidated financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

**Material inconsistencies in other information included in the annual report**

12. The draft annual report has not yet been submitted to us for review to identify any material inconsistencies that may exist between the annual report and financial statements. The final printer's proof of the annual report will be reviewed and any material inconsistencies then identified will be communicated to management. Should the inconsistencies not be corrected, it may result in the matter being included in the audit report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 41 to 96 and material non-compliance with laws and regulations applicable to the Knysna Municipality and its municipal entity.

### Predetermined objectives

#### Compliance with laws and regulation

14. The accounting officer of the municipality did not by 25 January 2011 assess the performance of the municipality during the first half of the financial year, taking into account the municipality's service delivery performance during the first half of the financial year and the service delivery targets and performance indicators set in the service delivery and budget implementation plan as required by section 72(1)(a)(ii) of the MFMA.
15. A mid-year performance review was not performed by the accounting authority of the municipal entity and therefore not submitted to Knysna Municipality in terms of section 88 of the MFMA.
16. The municipal entity did not prepare and include an assessment by the entity's accounting authority of the entity's performance against any measurable performance objectives set, in terms of the service delivery agreement or other agreement between the entity and its parent municipality, as required by section 121(4)(d) and 127 of the MFMA.

### Reliability of information

17. The reported performance information was deficient in respect of the following criteria:
- Validity: The reported performance did not occur and does not pertain to the entity.
  - Accuracy: The amounts, numbers and other data relating to reported actual performance have not been recorded and reported appropriately.
  - Completeness: All actual results and events that should have been recorded have been included in the reported performance information.

The following audit findings relate to the above criteria:

18. For the selected programmes, 21% of the reported indicators were not valid, accurate and complete based on the source information or evidence provided.

## **Compliance with laws and regulations**

### **Expenditure management**

19. The accounting officer did not take reasonable steps to prevent unauthorised, irregular and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

### **Procurement and contract management**

20. Awards were made to suppliers who did not submit a declaration on their employment by the state or their relationship to a person employed by the state as per the requirements of Municipal SCM regulation 13(c).
21. Goods and services with a transaction value of between R10 000 and R200 000 were procured without obtaining written price quotations from at least three different prospective providers as per the requirements of SCM regulation 17(a) & (c).

### **Asset Management**

22. The accounting officer did not take all reasonable steps to ensure that the municipality had and maintained an effective system of internal control for assets (including an asset register) as required by section 63(2)(c) of the Municipal Finance Management Act.

## **INTERNAL CONTROL**

23. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

### **Leadership**

24. The accounting officer and his delegated officials did not exercise adequate oversight responsibility with regards to the compliance with laws and regulations applicable to performance reporting.
25. The accounting officer did not ensure that the adequate controls are in place with regards to the monitoring of predetermined objectives to ensure valid, accurate and complete predetermined objectives are reported.
26. The accounting officer and his delegated officials did not exercise adequate oversight responsibility with regards to compliance with laws and regulations to detect and prevent unauthorised, irregular and fruitless and wasteful expenditure.
27. Management have not complied with the applicable laws and regulations due to the board not establishing adequate policies and procedures which would enable the municipal entity to comply the applicable laws and regulations. Management have furthermore not established the required governance structures to enable effective oversight of the entity.

## Financial Management

28. Management did not take adequate action to address risks relating to the achievement of complete and accurate performance reporting. Management did not adequately monitor and review reported performance information.

*Auditor - General*

Cape Town

20 December 2011



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## ANNEXURE C: REPORT OF THE AUDIT COMMITTEE

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### INTRODUCTION

Apart from being required to assist Council in discharging Council's oversight responsibilities and to advise Council, its political office-bearers, Councillors, Management and staff on various matters, the Audit Committee is specifically mandated by the Municipal Finance Management Act, 2003 (MFMA) and the Audit Committee Charter to:

- 1) Review the Municipality's annual financial statements to provide Council with an authoritative and credible view of the financial position of the Municipality, its efficiency and effectiveness and its overall level of compliance with the MFMA and other applicable legislation.
- 2) Respond to Council on any issues raised by the Auditor-General (A-G) in the A-G's audit report.

In our report, we shall deal with these two items in reverse order.

The A-G's consolidated audit report includes comments related to the Knysna Economic Development Agency (KEDA), as the entity's financial statements were consolidated with those of the Municipality in terms of the MFMA. The entity was still in its infancy; because of what appeared to be uncertainty about its future, it was not in a position to meet some of the requirements normally applicable to municipal entities; and its operations, such as they were, had very little impact on the Municipality's financial status. Its future continuance is currently still under consideration by the Municipality, a matter that clearly needs to be urgently resolved. In view of the above, we shall not comment further on the KEDA issues.

### RESPONSES TO ISSUES RAISED IN THE A-G'S REPORT FOR 2010/2011

The Municipality, and particularly its Finance Directorate, is once again to be congratulated that it has received **an unqualified audit report**, this time for the fourth year in succession and for the fifth time in six years. This is a very praiseworthy achievement, particularly in the light of the continuing process of adapting to the GRAP system of accounting and of the Directorate's severe staffing constraints. It is important to note, however, that an unqualified audit report is not the same as a "clean audit report". Our Municipality did not achieve a clean audit report, as the A-G's report raised a number of issues, especially under the headings "Report On Other Legal And Regulatory Requirements" and "Internal Control", some of which would probably have resulted in a qualified report had the Auditor-General been expressing an opinion on them this year. These matters must be addressed in order not only to avoid an adverse opinion in the future but also, and

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more importantly from Knysna residents' point of view, to "achieve sustained clean administration" (in the words of the A-G) and to improve the performance of the Municipality. It should also be kept in mind that the A-G's audit is made on a sampling basis, so it cannot be assumed that any shortcomings identified by the A-G in his audit report and management letter are the only ones.

### **A-G's Report on the Consolidated Financial Statements**

Other than stating that the issues raised under "Emphasis of matters" and "Additional matters" should be noted by Council, we have no further comment.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

#### **Predetermined Objectives**

- We agree with the A-G's comment relating to the Municipality's failure to assess the performance of the Municipality during the first half of the financial year in the manner prescribed by sec. 72(1) of the MFMA. The response by management to this finding of the A-G seems to us to have been a "smart-alecky" attempt to neatly side-step the issue by stating that the annual report had not yet been "dealt with" by Council and therefore it would be premature to consider it for the assessment. The point is that the MFMA by implication requires the annual report to be in existence in time for it to be used to draw up the assessment of performance that must be submitted to the mayor, National Treasury and the provincial treasury by 25 January (which is only a few days before the annual report must, in any event, in terms of the MFMA be tabled to Council). In future, this requirement must be observed.
- The A-G's report stated that the reported performance information was deficient in respect of validity, accuracy and completeness and that, for the selected programmes, 21% of the reported indicators did not meet these criteria based on the source information provided. In his management letter, he also lists other shortcomings. We agree that, in spite of what we regard as further encouraging progress since the previous year in implementing a performance management system, there still are serious deficiencies to be attended to.

Performance management, as pointed out by Attie Butler of Ignite Advisory Services in the Spring 2011 issue of the IMFO Journal, is *"not a computer system but a complete process that starts with the IDP and ends with the annual report"* of a municipality. We believe that all four elements of proper management – planning, organizing, leading and controlling – must come into play, but in establishing and operating an effective performance management system leadership from the top is paramount. **We do not believe there was sufficient leadership and "buy-in" from top management relating to performance management for the period up to the end of the 2010-2011 year.**



## **Expenditure Management**

- The A-G's comment relating to steps to prevent unauthorized, irregular and fruitless and wasteful expenditure appears really to relate only to fruitless and wasteful expenditure, as there is no reference in his management letter to the other two categories (which are, in any event, covered in note 44 to the financial statements). He basically wants a tightening up of procedures for identifying and recording fruitless and wasteful expenditure. Management has noted his comment and the Finance Directorate has indicated steps to be taken in this regard. Management might also be wise to review its measures for preventing unauthorized and irregular expenditure, although the A-G doesn't appear to have given any guidance in this regard.

## **Procurement and Contract Management**

While stating in his management letter that there were no significant matters arising from his audit of procurement and contract management, the A-G did raise the following items in his audit report as requiring attention:

- The A-G identified awards, totaling slightly over R200 000, made to eight suppliers that had directors/members who were in the service of other state institutions without these suppliers submitting the requisite declarations in terms of the relevant regulations. Management has undertaken to establish and maintain a register of required declarations.
- The A-G identified three instances, totaling almost R75 000, where goods and services valued between R10 000 and R 200 000 were procured without the requisite three quotes as per the Supply Chain Management Regulations. The Municipality should investigate whether any measures are necessary to improve compliance with the Regulations.

## **Asset Management**

- The A-G raised the matter of the asset register and what he regarded as a lack of reasonable steps to ensure that the Municipality had and maintained an effective system of internal control for assets (especially fixed property). This is a complex matter, which is common to very many municipalities. It involves discrepancies which have arisen over very many years between the asset register, the valuation roll, the deeds registry records, endorsements on title deeds etc. The Municipality has looked at the problem in detail and has begun to take steps to correct the situation on the most cost-effective basis.

## INTERNAL CONTROL

- The A-G reported three areas where **leadership was lacking** in ensuring controls were in place:
  - For oversight regarding compliance with laws and regulations applicable to performance reporting;
  - regarding the monitoring of predetermined objectives so that valid, accurate and complete predetermined objectives are reported; and
  - regarding adequate oversight over compliance with laws and regulations to detect and prevent unauthorized, irregular and wasteful expenditure.
- According to the A-G, there was **no adequate action to address risks** relating to the achievement of complete and accurate performance reporting; **nor did management adequately monitor** and review reported performance information.

We agree with these comments by the A-G on internal controls, especially those relating to performance management issues. In his management letter, he also raises quite a number of other issues regarding the achievement of internal control objectives that will require management's attention; two areas among these, that are not mentioned in the A-G's audit report, we regard as being of particular importance:

- **IT Management:** once again, the A-G identified weaknesses in the following areas:
  1. user access control;
  2. programme change management;
  3. facilities and environmental control; and
  4. information technology service continuity.

The position of IT Manager was vacant for the period under review, so these areas could not receive the necessary attention. The position was filled towards the end of 2011 and these matters are receiving attention.

- **Risk Management:** The A-G pointed out that a risk policy had not been adopted, nor a risk committee appointed, by financial year-end. We have been expressing our concern for some years now at the lack of action in this respect, which we attribute largely (again) to a lack of leadership at top management level.

In his assessment of the achievement of control objectives for the year, the A-G considered whether there were any material deficiencies in any of the three dimensions of control (namely the financial statements, the performance objectives and the compliance of the Municipality with laws and regulations) over fourteen functional fundamentals of internal control. Of these forty-two points of measurement (three dimensions times fourteen functional fundamentals) for the whole Municipality, only eleven reflected no significant deficiency. Of these eleven, six related to the Internal Audit and the Audit Committee (the only functions in the whole Municipality that had no internal control deficiencies at all of the types measured) and five related to the rest of the Municipality's thirty-six points of measurement. There is, therefore, still a long way to go in the field of internal control, which once again points to the need for strong leadership.

## **REVIEW OF THE MUNICIPALITY'S FINANCIAL POSITION, EFFECTIVENESS AND COMPLIANCE**

Knysna continues to find itself in a difficult economic situation. The town remains highly dependent on tourism, which is depressed and likely to remain so for some years because of the protracted world recession and particularly the current severe crisis in Europe. Construction activity in the town also remains weak. Large numbers of properties are up for sale and many B&Bs and other businesses are closing down.

The successive large rises in electricity charges levied on the Municipality by Eskom and only partly passed on by the Municipality to consumers in its electricity tariffs will continue for another few years. This means that the people of Knysna will still be effectively paying for Eskom's bad management not only by means of the greatly increased electricity tariffs but also by making up the shortfall from property taxes, other tariffs and/or reduced service delivery.

As we pointed out last year, Knysna's tax base is very narrow, being heavily dependent on domestic ratepayers, a large percentage of whom are retirees of limited means, for whom the current historically very low interest rates also mean lower incomes. There has been no growth in the non-domestic sector in Knysna over the past ten to fifteen years, while the influx of poor people continues. There will be little scope, if any, for property tax increases and the ability of its debtors to pay their bills to the Municipality for taxes and services will come under pressure in the next few years. Other sources of municipal income are presently largely out of the control of municipalities. The national government's revenues are also coming under pressure, so significant additional revenue from that source for our Municipality is unlikely in the near future.

The Municipality has already instituted some cost-cutting measures, has started tightening up on its payment enforcement regime and is wisely limiting its borrowings substantially. These actions have borne fruit in the year under review, as can be seen from the figures we mention below.

## **REVENUE**

During the 2010/2011 financial year, revenue increased by R57 million from R446 million in 2010 to R503 million in 2011. This is an increase of 13%, which is far less than the previous year's unsustainable increase of 27%. During this year property taxes increased by R8 million and electricity tariffs by R21 million. Government grants and subsidies were down by R26 million and represented 20% of total revenue compared to 28% in the previous year. The decrease in grants was due to the Disaster Management Grants falling away after the end of the drought. The Equitable Share Grant of R22,3 million (compared to R19,3 million in 2010), which represents the

Municipality's share of National Revenue, made up 4,4% of revenue compared to 4,3% in 2010. This grant is supposed mainly to cover the cost of services to indigent members of the community but is insufficient to cover these expenses. The gross profit percentage from the sale of electricity fell to 38,5% from 41,5% in 2010. The national norm for the gross profit percentage is just over 40%. This reflects the Municipality's decision not to pass on the entire Eskom increase to consumers.

## **EXPENDITURE**

Employee-related costs increased by 9,4% and as a percentage of total expenditure rose from 24,5% in 2010 to 31,0% in 2011. This is still less than the national norm of 40%, which indicates the number of unfilled positions particularly in the financial and technical directorates.

The cost of repairs and maintenance as a percentage of total expenditure has increased slightly to 4,93% from 3,69% in 2010. The national average is around 7%. The assets of the municipality, particularly those relating to infrastructure, are old and require a lot of maintenance if they are to be kept in line with regulatory standards. The recent incident at the sewerage works should serve as a warning.

It is also essential that all services be properly "costed" so that the true costs can be known and appropriate policy decisions can be taken.

## **RECEIVABLES**

Total net receivables (after the provision for doubtful debts has been taken into account) increased by 6% to R63 million from R59 million in 2010. Gross receivables outstanding for over 90 days actually decreased to R47 million from R52 million in 2010, a decrease of 10%. However the provision for bad and doubtful debts at the end of 2011 was R36 million compared to R27 million in 2010, an increase of 33%. The collection period has remained the same at 104 days over the last three years. Enforcement measures have been strengthened in order to maintain this in view of the present adverse economic climate.

## **LIABILITIES**

The current ratio, which measures the current assets against current liabilities, has improved slightly from 1,24 in 2010 to 1,46 at the end of the past financial year. This ratio indicates the ability of the municipality to use its near cash assets to pay its current liabilities when they become due. The norm for this ratio is 1,75. The fact that this ratio is still below the norm indicates a potential liquidity problem. The quick ratio, which is the ratio of current assets, excluding receivables and inventory, has also improved from 0,49 in 2010 to 0,72 in 2011. The norm in this case is 1.

These ratios, which are very important to creditors and particularly to long-term creditors, indicate the current financial health of the municipality has improved since last year, but further improvement is obviously necessary.

## **CASH**

The free cash, that is the cash and cash equivalents less the unspent conditional grants and deposits pledged to the Development Bank of South Africa, increased from just over R1,4 million in 2010 to R44,2 million in 2011. This increase has resulted in the improvements in both the current and quick ratios and is a reflection of management's ability to improve what has been an area of great concern. The municipality's liquidity position, in spite of this improvement, is still not out of the woods and must continue to receive serious attention.

## **COMPLIANCE, EFFICIENCY & EFFECTIVENESS**

As far as compliance, in relation to financial matters, with the provisions of the Municipal Finance Management Act (MFMA) and other legislation is concerned, the Municipality continues to do reasonably well, particularly when compared to many other Municipalities.

On the other hand, the shortcomings related to the performance management, internal control, risk management and other legal and regulatory issues referred to in the section of our Report dealing with the A-G's Report give serious cause for concern. Until these matters are fully addressed, the Municipality will not be able to meet the required standards of efficiency and effectiveness required to manage the town optimally and to achieve the necessary standard of service delivery.

## CONCLUSION AND RECOMMENDATIONS

While the Knysna Municipality is generally recognized to be one of the better-managed medium-sized municipalities in the country and much has been achieved, there is still a lot of room for improvement, as the A-G's audit report shows. The Municipality now has a golden opportunity to set a new course towards achieving real excellence in its governance of the town. The new IDP preparation cycle is under way, a new Council has taken office, a new political administration is in place and a new Municipal Manager will shortly be appointed. It is up to the Council to set the tone for the next five years and beyond by taking wise decisions. This is particularly necessary in the light of the unpromising economic climate that is likely to persist for some years.

For some years now we have been warning that Knysna faces tough choices and, in the absence of any clear indication of the introduction in the near future by the national government of radically increased national funding, or other direct taxation opportunities for municipalities, urgent steps will have to be taken by the Municipality to enable these tough choices to be wisely made and for new strategic plans to be drawn up and implemented.

We believe these steps should include:

- The appointment of a first-class, well-qualified, dedicated and experienced manager to the post of Municipal Manager, who will be able to run the Municipality along professional managerial lines and be dedicated to the implementation of a viable and effective performance management system;
- Consolidating the Municipality's financial position in the near and medium term, by reprioritizing expenditures, restructuring the town's administration, making optimal use of available resources and concentrating on the core functions of local government;
- The drawing up of an innovative and imaginative IDP that not only takes into account the constraints of the economic situation likely to prevail over the next five years, but also the immediate service delivery needs of the residents and the maintenance of our current aging infrastructure; and
- The preparation of a long-term forward plan clearly defining what kind of town the residents wish to have in future, how such a town will be able to remain sustainable and the future infrastructure development and maintenance necessary to meet the longer-term needs of the town.

Both the A-G and we have mentioned the word “leadership” numerous times in our reports. And leadership of the highest quality is required from the political leadership of all parties in Council, from the new MM and top management in the administration and from civil society leaders to work together to ensure that this opportunity is not wasted.

We recommend that Council –

1. Note and consider the Auditor General's audit report and the Audit Committee's report and take appropriate and timeous action in regard to matters raised therein;
2. Approve the Municipality's audited Financial Statements for the year 2010-2011; and
3. Direct its Finance and Governance Committee to review the A-G's report and the Audit Committee's report and draw up proposed action at its meeting March 2012 meeting for consideration by Council arising out of these reports.

We express our thanks to those of the Municipality's senior Management and staff (especially the Financial Director and his staff) who have given us their close co-operation during the year; also, our thanks are due to Council's political office-bearers and Councillors, the Auditor-General's staff and contracted-out auditors, and the Internal Auditor's staff for co-operation during the past year.

R BARRELL (Chairperson)

P BASTIAN

N METELERKAMP

D MULLER

Knysna, 16 January 2012